Global Growth Strategies for The International Association

Your Guide to Developing a

Global Association Strategy

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GLOBALSTRAT

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Executive Summary

In the last 70 years the world has experienced increasing global integration, despite certain periods of heightened political tension and economic ups and downs. From the establishment of the United Nations in 1945 and GATT (General Agreement on Tariffs and Trade) in 1947, to the creation of the European Union and the WTO (World Trade Organization) in the 1990's until now, closer global integration has been a consistent trend.

Growing democratization and economic advancement have been the hallmarks of today's world, both of which are hugely favorable to professional and trade associations. A recent emergence of nationalism and skepticism regarding the positive effects of globalization threaten to stall or reverse the immense progress that has been achieved. Now, more than ever, associations have the opportunity to maintain international networks, professional standards and collaborative frameworks for the benefit of the general public and commercial growth.

Despite these extremely positive macro trends, many associations struggle to achieve significant growth. In some cases, this is because they have hit a plateau within their domestic membership market. In other cases, they have not been well prepared or able to take advantage of new, international markets.
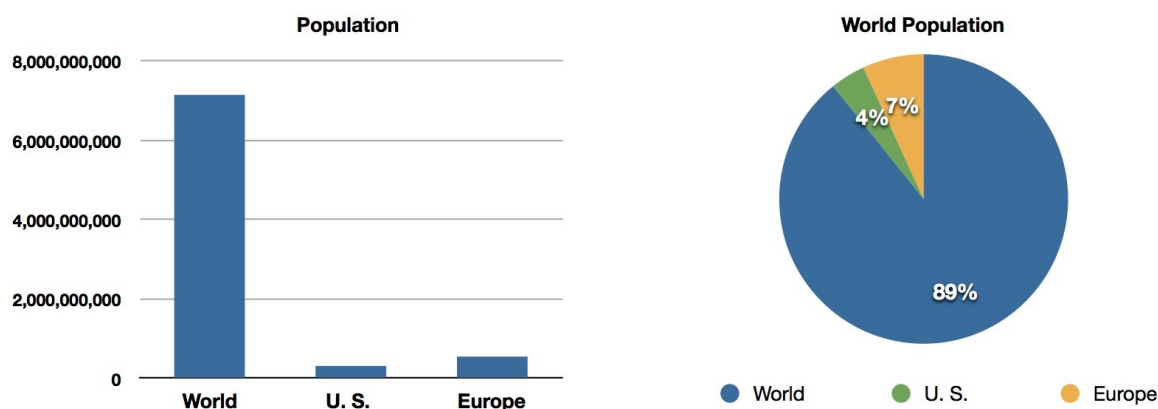
Today, there are more than 7 billion people on the planet. With a population of approximately 315 million, the United States represents just 4% of the global total. The European Union (EU) with approximately 550 million citizens is nearly twice the population of the United States. Yet these two large and affluent economic powerhouses together represent only 11% of the world's population.

The emerging economies of the world currently include over **3 billion** citizens that are enjoying rising standards of living. They are also striving for better education, training and professional development to improve their personal lives.

Emerging economies are expected to represent the majority of global Gross Domestic Product (GDP) 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.

"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to *change.*"

~Charles Darwin, 1809
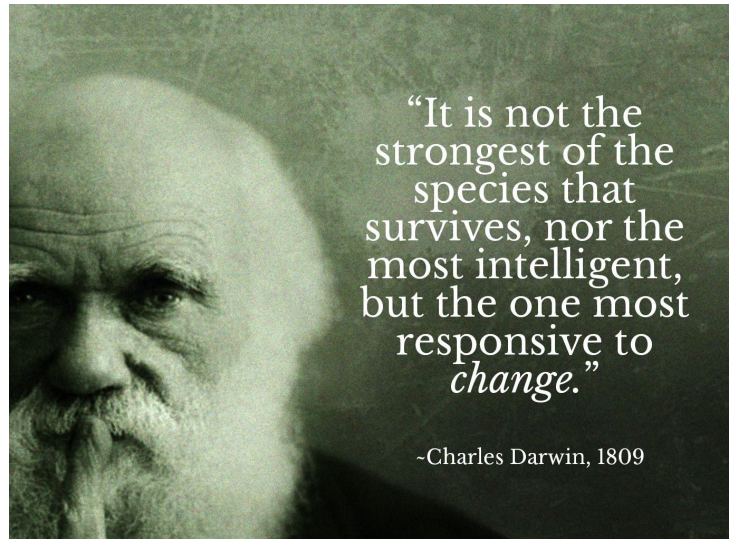
On the technology side, social media platforms represent a relatively new and very disruptive development for associations to deal with. On the one hand, social media represents powerful tools to reach and serve international markets in a cost effective manner. On the other hand, new social media based online communities provide alternative (and competing) platforms for association members to network, communicate and share information. 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.

World-wide economic swings, rapidly evolving social media and communications technologies, global supply-chains, the 24/7 business and news cycle, fluctuating currency rates and uncertain political developments all shape the environment in which associations operate.

The Global Association

Diverse organizations like the Project Management Institute (PMI), the Entrepreneurs Organization (EO), the Society for Human Resource Management (SHRM), the International Coaches Federation (ICF) and the CFA Institute have all learned how to harness the power of international markets that have propelled their growth far beyond what was possible in their traditional home market.
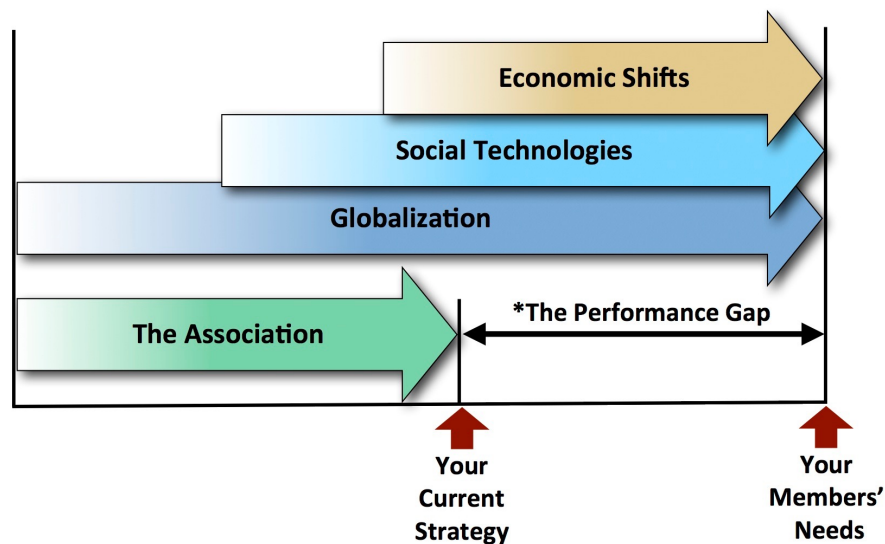
Organizations that have a clear vision and the ability to focus on core value propositions that resonate with a global audience have the opportunity to unlock significant growth. More importantly, associations that are engaged globally gain access to knowledge, innovation and diversity that enriches the entire organization and makes it much more relevant and competitive into the future.

Does your association have a plan to adapt to today's environmental changes?

When the rate of change in the external environment exceeds the ability of an association to react to that change, a gap develops. This disconnect between the rate of change in the environment and the capacity of an association to adapt to that change creates a serious threat to the future of the organization.

The Pace of Change and Performance Gaps

The difference between the rate of change in the environment and your organization's capacity to anticipate and adapt to that change = "The Performance Gap"*

Economic Shifts

Social Technologies

Globalization

*The Performance Gap

The Association

Your Current Strategy

Your Members' Needs

Gaps created by natural changes in the association environment do not last. Eventually they are filled. The critical question is, will these gaps be filled by your organization, some other association, for-profit companies or free peer to peer online communities? In many cases, it will be a combination of new competitors that take pieces of your current business.

Leading associations have recognized that international expansion represents one of the few real opportunities for significant growth, and ignoring that opportunity leaves the door open to your competitors.

Challenges

Growing your organization internationally is fraught with obstacles and important questions:

- How will we define "success" for our association in international markets?

- Which countries, and with which products or services, should we focus on?

- How do we measure the real market potential?

- How can we build our internal capacity to manage these new markets?

- How do we identify and assess the competitive environment?

- How can we leverage social media to recruit and engage international members?

- How do we avoid the mistakes and pitfalls that other associations have fallen into?

Associations need expert information and guidance on how to develop and implement a global growth strategy. This requires a deep understanding of the underlying trends, a sharpened definition of your organization's value proposition internationally, together with a process based approach to strategy development that will result in a sound business plan.

"If the profession that your association represents is global in nature, but your association is not . . .

Where do you think that will lead?"

How to Use This Paper

GLOBALSTRAT has crafted this white paper based on our original research of more than 340 international associations from 22 different countries, together with more than 25 years of hands-on, global association management experience.

It is intended for association leaders, volunteers and staff;

- to better identify the issues involved;

- to be able to ask themselves the right questions;

- to gain a better understanding of how to approach the subject.

There is no one "best" approach to international strategy development. Your organization will be guided by the trends specific to your industry or profession. It will also depend greatly on your organizational culture, tolerance for risk, management team capabilities, resources and the direct competitive environment you are operating in.

This paper contains data, examples, diagrams and tables, together with straight forward advice and explanations that are based on extensive hands-on experience managing international associations, as well as original research.

The paper is designed to help you ask the right questions while providing you with the pros and cons of available choices and options.

After reading this paper, your team will be able to answer these questions:

1) What are the factors driving global change?

2) What kind of change is taking place, and at what pace?

3) What are the implications of this change for my organization?

4) What strategies and tactics are available for my organization to succeed?

5) What process approach can I use to develop a growth strategy for my association?

Every organization operates within a unique environment serving a distinct stakeholder community, with divergent objectives and measures of success, requiring a tailored strategy and approach.

The paper is best used as a reference document to help stimulate discussion amongst the association leadership team, resulting in a clearer understanding of the issues involved and the options that are available.

For **association board members**, it helps to put international growth opportunities and issues into a strategic perspective and helps to inform discussions related to international governance topics.

For **association staff**, it helps to identify the options and tactics that can be used to manage and achieve your association's global growth objectives.

The intent is to develop an informed strategy and approach for those associations that want to successfully navigate the opportunities and the challenges of our globalized world.

GLOBALSTRAT is the leading independent provider of professional International Strategy Development consulting services for associations. Terrance Barkan CAE, is the Chief Strategist and Business Architect for GLOBALSTRAT, applying more than 25 years of business and international not-for-profit management experience.

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Many associations have a unique combination of objectives, some of which are easy to measure, and others that are quite difficult and ambiguous.

For example, it is easy for us to measure how many members we have, how many people attend our events, how many credentials we have issued or how much revenue we have generated over the past year. These are what we call "hard" metrics. Hard metrics are very easy to measure accurately and most of them are directly related to "ROI" or financial results.

At the same time, many associations have a set of "soft" metrics that are very laudable, but they are also often extremely difficult to measure. For example, the objective to "raise the level of professionalism" or "increase awareness" and to "create a globally respected brand". These altruistic types of objectives are hard to measure because we often cannot establish a baseline, let alone to measure changes or progress.

What does "success" look like?

Altruistic	ROI
• Outreach & Impact	• Members & Products
• Support & Collaboration	• Services & Credentials
• Resource Consuming	• Resource Generating
• Difficult to measure	• Easy to measure

It is critical that your organization spends the time necessary to carefully define how you are going to measure what success looks like for your organization, and how you are going to measure it, before you start the development of your strategy.

In fact, we feel it is impossible to develop an effective strategy
without first defining the expected outcomes.

Sample Success Metrics

For most associations, your success metrics will include a combination of "hard" and "soft" measurements. We recommend that you strive to identify the 3 - 6 most critical metrics that are central to your organization's overall success. Here are a few sample metrics:

INTELLECTUAL PROPERTY - At least 20% of our body of knowledge and content will include best practices and benchmarking data from international markets. This includes papers, articles, speakers and experts that meet our minimum quality measures.

IMPACT - The association is able to reach (educate, train and engage with) at least 20% of the total potential membership base in the top 5 international countries within 3 years. This includes acquiring email and other contact information so that we have a direct line of communication.

AWARENESS - A sample survey taken in the top 10 international markets of qualified potential members will produce a result of at least 50% awareness of our brand and that at least 80% of those that recognize us will report a "positive" perception.

MEMBERSHIP - Within 3 years from launch, the association will have recruited at least 10% of the new potential members identified in our targeted international markets and countries.

FINANCIAL - The association's international engagement will be financially self-sufficient or providing a net surplus within 36 months from the formal launch of the new international business plan.

CREDENTIALS - The number of credential candidates will be 25% or more of the total membership globally and we will have increased the number of international credential holders by 15% from current year levels.

Note: The measures that are most appropriate for your association will depend on your current state of development, long term vision and the profession or industry that you serve. Please note that even the "soft" metrics used above are written in such a way that they can be clearly measured.

The most important decision to make is to select those core measures that are the true drivers of overall success for your association. Quality is more important than quantity when selecting success metrics and you should not have more than 5 or 6.

How International Are You?

Many associations have "International" in their name but just how international are they? The descriptions below offer a definition for what constitutes an international versus a local, versus a global organization.

International "A" – This is primarily a National organization that has members from outside its national borders not exceeding 5% of the total membership. This type of organization is international in name only with no dedicated services or representation of non-national members. Primarily concerned with national issues, regulations and standards. Concerned about international issues only to the extent they affect the members directly in the home country. Makes gestures to serve non-national members but it is more intent than effort.

% of international membership and/or revenue

International "A"	International "B"	International "C"	Global
0% - 5%	6% - 15%	16% - 50%	+ 50%
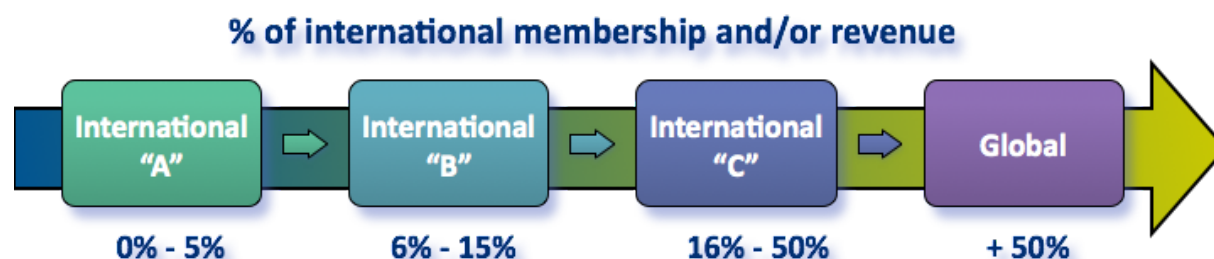
International "B" – This is a proactively international organization that has members from outside its national borders representing 6%-15% of the total membership. This type of organization will normally have established at least one non-national chapter or representative body and most likely has no more than 1 non-national representative on its Board, if any. Most often it will have developed some dedicated services or representation of non-national members. The focus will include international issues but will be guided primarily by the majority of the national member needs. Often it is aware that it needs / wants to do more for international development but is not certain how to serve national and non-national members simultaneously.

**International "C"** – This is a truly international organization that has members from outside its national borders representing from 16%-50% of the total membership. This type of organization will normally have established several non-national chapter or representative bodies that deliver unique services or networking opportunities at a local / regional / national level outside the "home" territory.

There will be at least 1 non-national representative on its Board, usually defined as an official representative of the non-national chapter(s) or affiliate(s). There will be a dedicated service or representation of non-national members with an allocated budget and at least part time support staff. The focus is primarily on international issues with adaptation at the national / regional level. Multiple language versions of information may have been implemented.

Global – This type of organization cannot easily be defined as having a "home" base or market (other than a historical one). No one country or region constitutes more than 50% of the total membership. Typical structures might include numerous chapters, multi-country regions or a federation structure.

The Board is constituted by 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 downwards and raise local / 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.

Where is your organization on the international scale?
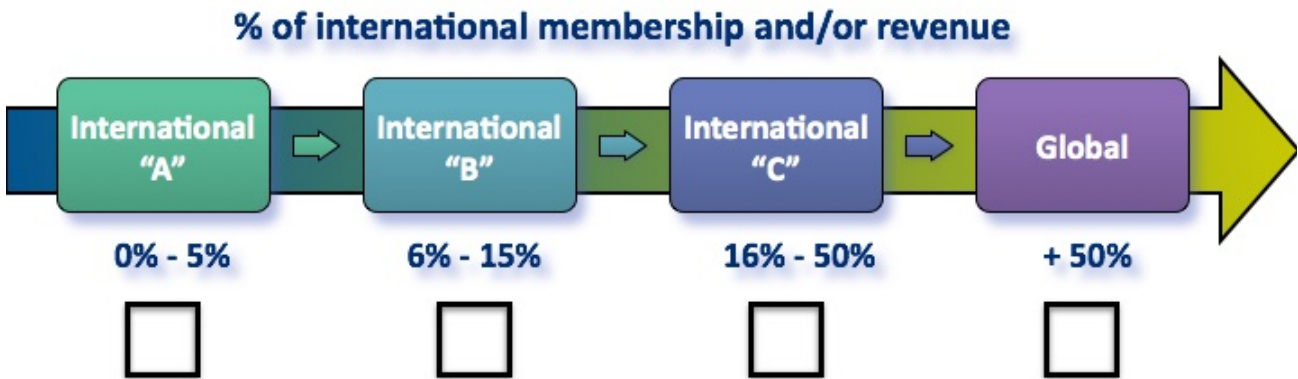
What Does it Mean to be Global?

Globalization is defined as the world-wide interdependence and integration of commerce, science, knowledge, people, culture and government. It is the dominant characteristic of our modern society.

la mondialisation

глобализацията

tutmondiĝo 세계화 العولمة globalización

hnattvæðing **Globalization** küreselleşme

全球化 भूमंडलीकरण globalizacja

Globalisierung גלובליזציה

For an association to be "Global", it means that;

1. The organization has some meaningful presence in each major region of the world, i.e. on each continent (except Antarctica) and the major sub regions such as the Middle East and the Indian sub-continent.

2. The organization appears to its customers and members to have a strong local identity more than being a "foreign" entity and it is not immediately obvious where the "Headquarters" office is. It is important that the organization has strong local or regional relevance to its members / customers. (The food company Nestle is a great example. Most of its brands are assumed to be local but are actually part of this Swiss food giant's global portfolio).

3. The organization maintains universal core values and a "Body of Knowledge" that is intelligently and appropriately modified as necessary to be highly relevant for regional or national requirements.

    For example when credentialing, the credential should maintain global equivalence (based on a core "Body of Knowledge") but still have real meaning nationally i.e. comply with local law and practice. This includes things like local language, law, currency, time formats, metric vs. imperial measures, etc.

4. The global organization does not derive more than 50% of its gross revenues from any one single country or market.

5. The Governance structure reflects the global footprint of the organization. There is a broad geographic spread in the leadership teams, volunteers and staff.

6. The leadership thinks constantly in terms of how decisions will affect the entire membership regardless of where they are located and anticipates the need to respect the complexity of being a global organization.

7. Communication systems and practices are put in place to support global collaboration including small details, like;

- telephone formats (use of a "+" sign with the international Country Code followed by the local number, ex. "+1 202 294 5563" or "+32 2 534 7656"),

- date formats (a format that leaves no guesswork: 11 JUN 2015 instead of 06/11/14 5In the U.S., "6/11/15" is June 11, 2015 while in Europe "6/11/15" indicates that it is the 6th of November 2015),

- the use of military or 24 hour time (23:00 is 11pm) and including the relevant time zone that applies (UTC, EDT, EST)

Organizations must also be careful to use shorter, less complicated sentences and to remove jargon, political or sport references and slang that may not be universally understood.

8. Diversity is viewed in terms of global inclusion. For example, having members that come from many different countries, with unique cultures and customs, and that speak different languages provides real diversity for an association. The organization also recognizes that thought leadership, best practices and innovation can originate anywhere in the world and is not exclusive to U.S. or Europe.

9. The staff and leadership team must travel. Globalization is not a spectator sport. There is no substitute for putting oneself in a new environment where you do not understand the local language, do not recognize what is on the menu, cannot find an English language newspaper and attend dinners where you do not understand the jokes.

It is in situations such as these when it becomes personally clear just how important it is to be sensitive to local issues. Your international members are having these same experiences in reverse when they receive information, services and publications from your organization that have not been modified for a global audience.

These are some of the clear characteristics of a "Global" organization. The reality is that most associations are at some stage of being "international", occupying a position somewhere on a continuum from an exclusively national association to being truly global.

Often there is confusion between the terms "International" versus "Global". There are many international associations that have global ambitions, and then there are others that are really a national association that happens to conduct some business internationally.

The difference depends on how you see your organization in the bigger scope of the world. It also depends greatly on what your membership and customers are expecting from you, as they will ultimately determine which type of organization you become. Consider how you think about the world and your organization from these two very different perspectives:

➢ Primarily locally focused looking outward ultimately to international issues, or,

➢ Globally focused looking across regions and ultimately down to the local level.

What is your default paradigm?

Is your primary view of the world from a local perspective outward or do you think first of global impacts over local outcomes?

What is the default perspective of your Board of Directors? Your staff?
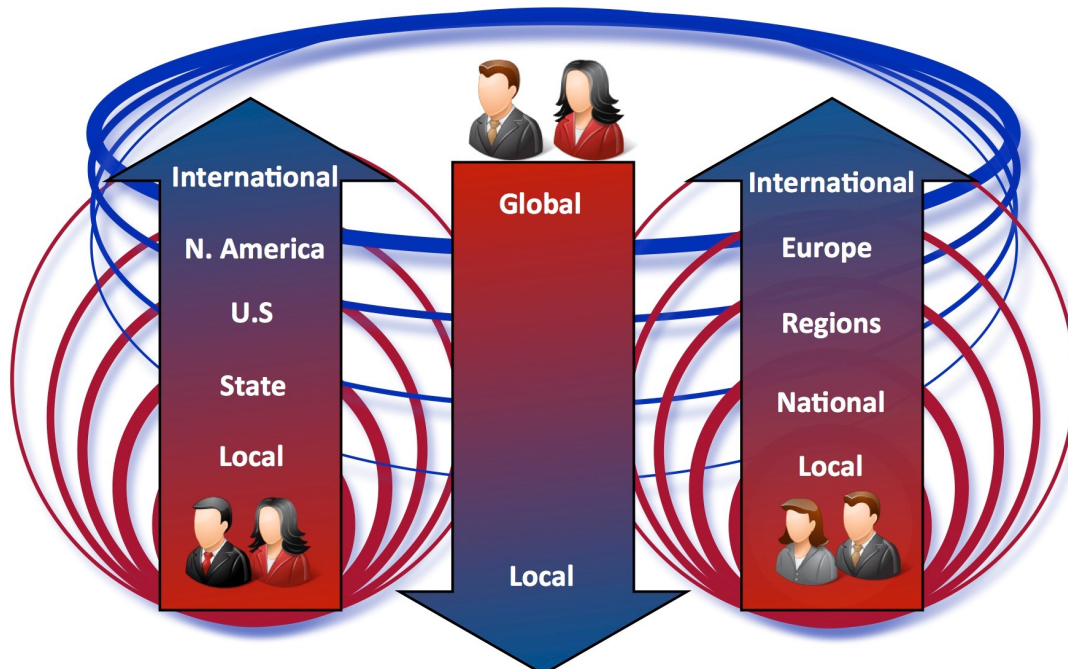
It is human nature for each of us, based on our personal life experiences, to view the world and our organizations from one of these two very different perspectives. These perspectives also influence how we make decisions for our associations when it comes to international issues and topics.

For example, in the diagram above, you may have members that deal with international issues every day as part of their job. They will most likely have a strong international bias with a greater interest in international issues over local ones. They need information that has a broad geographic reach and will have less interest as topics grow more granular and local.

At the same time, you will have members that have a primarily local sphere of interest with less of an interest in broader regional or international issues. They often will not see the value of international engagement unless it can be related directly to their local perspective.

These two very different views represent one of the common reasons for tension within organizations as they become more international; "locally" focused members do not see the value in growing internationally and "internationally" focused members often do not get enough of the type of information they need at the early stages of international growth.

The same thing happens at the Board level. Board members that have personal international business experience understand the opportunities that exist and much of what it takes to succeed globally. Board members that have not travelled and that have only local job experience often resist globalization because they do not understand it and cannot see the value.

Understanding this dynamic can help you when designing your strategy – a Global Association has an international bias whereas an International Association may have a local bias with international activities as an extended market for their services.

Very different perspectives, requiring very different approaches.

What is your "world view"?

1. Do you aspire to become a truly "Global" organization, or is being an "International" association more appropriate?

2. Do your Board and Staff have an international world view, or do they have a primarily local perspective?

3. What do your members, industry and professional stakeholders expect; a national, international or a global association that will meet their needs?
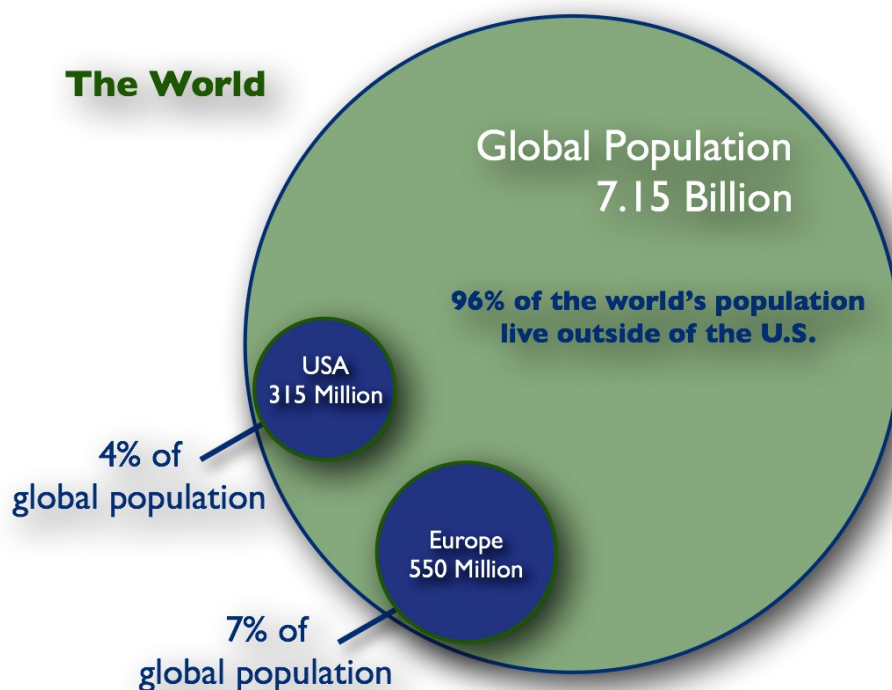
A World of Opportunity

What are the main trends that are driving globalization? Which trends should we be concerned with, and how are they going to affect our association? Why is "Going Global" important?

The purpose of all trade or professional associations is to represent and support the interests of their members and key stakeholders: companies, individuals, industry sector, or profession.

Members everywhere need their association to either,

> a.) support greater integration in a globalized world, or

> b.) help the member to manage the impacts, positive and negative, of globalization.

We live in a market driven world today and no single association or interest group has the power to change the dynamics of the market. Rather, we must understand how best to maneuver within this dynamic global marketplace we live in by making informed, rational decisions.

The World

Global Population
7.15 Billion

**96% of the world's population
live outside of the U.S.**

USA
315 Million

4% of
global population

Europe
550 Million

7% of
global population

Associations in North America have a very long history and in most cases have attracted the bulk of the membership that they are readily able to attract. This leaves relatively little scope for growth within the United States in many cases. Outside the US it is a different story as most non-US associations have not reached the same levels of penetration or development.

For European associations, the dynamic is slightly different. The evolution of the European Union has spawned the growth of pan-European associations who are often in direct competition with long established counterparts at the national level. Despite rapidly increasing integration, different languages and cultures remain a significant barrier to create critical mass across the continent. In addition, European associations often operate with smaller paid staff teams than their US counterparts which places some limits on their ability to grow outside of Europe.

Associations, with their democratic, consensus decision-making processes, tend to require a longer time for the implementation of new business practices, programs and services. In contrast, it is within associations that professional development issues; professional practices, sector trends, standards and benchmarks are debated, forged, agreed and communicated. This creates a tension between the need to move quickly to meet market forces versus taking the time needed for true peer to peer review, especially when defining standard practices.

Social media, and online communities and networks in particular, have become a powerful force, changing and drastically accelerating how people communicate, collaborate and associate.

Social Networking platforms such as LinkedIn, Facebook, Twitter, YouTube, SlideShare and many others are increasingly being used to provide many of the services and benefits that association models have traditionally provided (networking and information sharing). This has created a whole new class of competition for associations that did not exist a few years ago.

For example, The Oncology Nurse Community is an online group that is industry sponsored (Bristol-Meyers-Squibb) and hosted by a medical communications company (UBM Medica). The site is professionally designed and maintained with an extensive roster of 35 oncology nurses who are official moderators for the site. This for profit initiative is a direct competitor to the non-profit Oncology Nurse Society.

Increasingly, associations are facing emerging for-profit competitors that are using social media and technology tools to build online communities, publications and live events.

The need for associations to rapidly adapt in the face of new threats has never been greater.

There are five key drivers of change and influence on individuals that have a direct impact on their perceived need for association membership. Understanding these influences and how they are structured in different countries can help you to better understand the potential demand for membership, credentials, standards, training and other association programs.

These five forces are:

- Business and the private sector economy,

- The media (which includes traditional news channels and growing online sources),

- Governmental systems and institutions at a national and a local level,

- Civil Society which includes professional and trade associations, clubs, alumni organizations, business associations, foundations, groups or other informal networks,

- Education, including public and private higher education institutions.
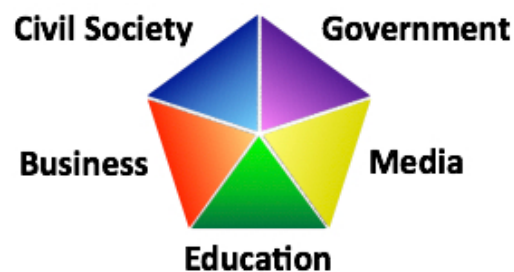
Each of these sectors has a direct and profound effect on the type and pace of change individuals personally experience and drives their potential interest in and need for association membership and content.

Business and the Private Sector – Business is driven by the motive to create value and to harvest the reward of that creation in the form of a profit, wherever and whenever possible. Businesses are driven by people with strong initiative and high ambitions that are creative and clever, and that like to succeed. As such, the business community as a whole constantly pushes forward boundaries in the ever increasing effort to gain market share, create efficiencies or to develop an expanding customer base. Businesses gain a competitive advantage, grow and succeed through innovation, by creating new products and services and by bringing these to new markets.

Businesses are therefore one of the most proactive and fastest moving drivers of change and are the main driver of globalization as they exploit any gaps and unmet needs in the market wherever they appear world-wide.

One of the greatest threats to associations is the blurring of the line between what is commercial and what is a not-for-profit. This change is occurring with the emergence of new, well funded online communities that are driven by commercial owners. Examples include scientific publishers that are creating peer to peer online communities for subscribers (and not charging a fee to belong) that compete directly with traditional professional associations.

Companies like Facebook and LinkedIn are a direct threat for a segment of the association member experience (networking and information exchange). Other examples include both free and paid subscription online communities that can be found in almost every area where traditional associations operate and are a new direct threat.

The business community often sets the trends and associations, as consensus decision making bodies, often lag far behind this process. To be competitive and relevant, many associations need to pick up the pace, especially internationally.

Media (traditional, formal and informal) – If there is one area that has changed the most in the last few years it is in the definition of what constitutes "media". Traditionally, media referred collectively to organized news outlets and mass programming (think television, newspapers and radio). Today, the "media" must include the expansive network of blogs, social networks and a host of new, emerging channels for people to access and to consume information (think YouTube, Twitter and Facebook).

This massive increase in the number of sources of information poses a real and significant challenge to associations in the competition for the time of our members and customers.

The impact is threefold:

➢ **How to stand out from all the noise** - the multitude of information sources is making it difficult for consumers (our members and customers) to manage all of the information now available to them. How do they prioritize what to consume? Which sources are reliable and correct?

➢ **Information is "free"** – now that so much valuable information is available for free or nearly free, why should a member pay an association membership fee? Associations have to compete more than ever to earn that membership fee with so many free alternatives now available.

➢ **Time is the real competitor** – the explosive growth in sources of information means that individuals are more "time starved" than ever. The advent of mobile technologies and increased access to online connectivity means that consumers have 24/7 access. How does an association stand-out in this noisy environment to earn the time and attention of our members?

Government – There are many different forms of government around the world, including many different forms of democracy. These different government models have an impact on the potential role and perception of associations.

In countries like China, Russia or Saudi Arabia where civil society groups are prohibited or strongly restricted, associations may find better results by working through a for-profit subsidiary or may need to partner directly with the government. In many other countries, you will find laws that support non-profit association formations that are very similar in scope to those in the United States.

Increasingly, inter-governmental frameworks are also being developed. The most striking example is the formation and growth of the European Union (EU), a legal construct composed of 28 independent countries representing more than 550 million citizens.

Inter-governmental collaboration extends regulation on issues like anti-trust, safety, standards, financial regulation and many other areas. Governments are coordinating actions that have a direct impact on businesses, private citizens and of course, associations.

There are numerous cases where a change in a regulatory regime affects businesses world-wide, such as the case with the International Financial Reporting Standards (IFRS). These financial reporting guidelines are changing the way businesses operate not just in non-US subsidiaries but it is having an impact on core operations as IFRS becomes the global standard and US based GAAP is phased out.

Another example where US based organizations are directly impacted from a governmental and regulatory perspective are through multi-lateral and bi-lateral trade agreements. The most well known example is the World Trade Organization (WTO) described in more detail later.

Depending on your industry, professional sector and which countries you are operating in, the government can play a significant role and influence the chance of success for your organization. If you are in a field that is regulated, requires some form of government approval or collaboration, or if you operate in a country where the government has direct influence or control over commerce, you will need to have a strategy for partnership and collaboration with political entities.

Civil Society – The non-profit networks of people and organizations that are held together by common interests and needs, whether individuals (as in professional associations) or companies (as in trade associations) is a somewhat invisible force for change in our world.

The general public is often not aware of the important role that associations play in the setting of standards and qualifications, the provision of post graduate education and training, or the establishment of professional practices. It is often within associations that standards, processes and policies are developed that ultimately find their way into law or have some other equally profound effect on day to day life.

Associations are the primary source of post-graduate continuing professional education, either in a formal setting or through the sharing of best practices and evolving technological developments for people and organizations in nearly every conceivable area of human activity.

As consensus decision-making organizations, civil society is often (but not always) slow to change. Associations by definition reflect the interests of their members, who are themselves reacting to changes in the environment. Associations therefore tend to follow and to react, rather than to anticipate change.

Associations also tend to be very risk averse, resulting in a cautious approach to change. In an environment that itself is moving at a faster pace every day, associations must learn how to evolve in step with the overall environment or risk being left behind and no longer relevant.

Through an intelligent use of technology, especially social networks, civil society organizations that include professional and trade associations now have access to communication tools that support a more rapid democratic decision making processes.

Higher Education – Associations and universities make for natural partnerships. In many countries, established universities are a great entry point to gain access and credibility for live events, education, training, credentials and accreditation in a country that is otherwise difficult to penetrate.

Universities are also potential sources for subject matter experts, members and volunteers for associations that want to build a greater presence in a country. Many university faculty will have long standing relationships and networks that can be very beneficial to your association.

Increasingly U.S. and European Universities are establishing satellites around the world due to the growing demand for post graduate and executive education and training.
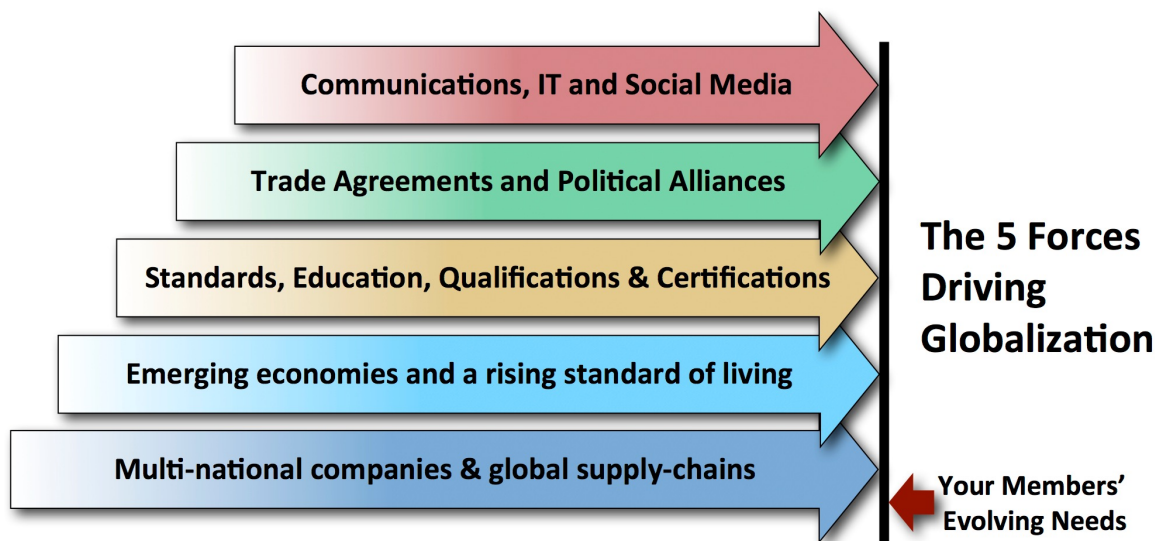
US based associations should consult with their current university partners about potential overseas alliances and programs.

There are five major, macro trends that are evolving in parallel and that have a multiplier, catalyst-like effect on one another. These five trends have existed in one form or another for many years but have come to dominate the current environment and are shaping the path that globalization is taking. They are also having a direct impact on the evolving needs of your members, including member expectations at home and abroad.

These five macro trends are:

Communications, IT and Social Media

Trade Agreements and Political Alliances

Standards, Education, Qualifications & Certifications

Emerging economies and a rising standard of living

Multi-national companies & global supply-chains

The 5 Forces Driving Globalization

Your Members' Evolving Needs

Communications and Information Technology – The continued rapid growth in use of the Internet world-wide combined with falling barriers to global communication are having a massively dramatic effect on associations that is still accelerating. Associations once held an effective monopoly on the accumulation and dissemination of knowledge within a certain profession or industry. Associations also had a monopoly as the exclusive platforms for networking and professional recognition. This is no longer the case, exposing associations to new forms of competition at the same time that expectations from members is changing.

The advent of commonly available communication and collaboration tools, like Skype for telephony and video conferences, or social media platforms like Facebook and LinkedIn, have changed that landscape.

In fact, the dynamic has changed so dramatically that an association is now, in many cases, a slower and more expensive path to information and peer to peer networking than the use of the many freely available Internet based tools and community networks.

While associations remain important and effective sources of information within a specific trade or profession, this is no longer a strong enough value proposition, on its own, to convince today's stakeholders to join or to stay as a member. A growing number of associations are questioning if the traditional membership model has become outmoded.

Many for-profit entities, usually faster acting, well financed and more commercially adept than many associations, have seized on the profitable opportunity to provide networking and education opportunities through meetings, events and exhibitions.

There are many examples of for-profit special interest groups that look and act like a not-for-profit network but with a competitive commercial and business approach. One of the most successful of these, SERMO, is a for-profit network for physicians that grew to over 125,000 members within just a few years of its founding. Today, SERMO counts over 300,00 members or **40% of all physicians in the United States**. Once, the American Medical Association AMA could dismiss SERMO as a niche player. No longer. And now SERMO has set its sites on international expansion, posing a threat to medical associations worldwide.

Today, the barriers to entry for a new association or networking group, for profit or not-for-profit, have never been lower. At the same time, the phenomenal growth of the Internet means that it is easier than ever for new groups to reach a vast potential membership, world-wide, that used to be shielded from competition in the pre-Internet days. This is probably the biggest single threat to associations that continue to do "business as usual".

Internet Growth – In January 2006, the world already had more than 1 billion Internet users. By the end of 2016, that number grew to nearly 3.5 billion or approximately 50% of the entire global population. According to the International Telecommunications Union (http://www.itu.int/en), 2.465 billion of the total 3.488 billion Internet users (70% of the total) are located in developing countries. This represents more than double the number of users in the most developed economies.

If we look at mobile cellular use (an increasing amount of Internet use is accessed over mobile devices) the differences are even more dramatic. Mobile subscriptions world-wide totaled 7.377 billion in 2017, 1 mobile device for every man, woman and child on the planet. Of the total, only 22% were in the developed countries of the world.

WORLD INTERNET USAGE AND POPULATION STATISTICS JUNE 30, 2016 - Update						
World Regions	**Population (2016 Est.)**	**Population % of World**	**Internet Users 30 June 2016**	**Penetration Rate (% Pop.)**	**Growth 2000-2016**	**Table % Users**
Asia	4,052,652,889	55.2 %	1,846,212,654	45.6 %	1,515.2%	50.2 %
Europe	832,073,224	11.3 %	614,979,903	73.9 %	485.2%	16.7 %
Latin America / Caribbean	626,119,788	8.5 %	384,751,302	61.5 %	2,029.4%	10.5 %
Africa	1,185,529,578	16.2 %	340,783,342	28.7 %	7,448.8%	9.3 %
North America	359,492,293	4.9 %	320,067,193	89.0 %	196.1%	8.7 %
Middle East	246,700,900	3.4 %	141,489,765	57.4 %	4,207.4%	3.8 %
Oceania / Australia	37,590,820	0.5 %	27,540,654	73.3 %	261.4%	0.8 %
WORLD TOTAL	7,340,159,492	100.0 %	3,675,824,813	50.1 %	918.3%	100.0 %

Internet usage is just one measure of global development, but it is a critical one as it is the most commonly used method by which international members find and join North American based associations and not-for-profit organizations. Today it is more often a case of the international member finding you, rather than the other way round.

It is also a critical factor for associations because more and more of the value of association membership is moving online; electronic journals and newsletters, webinars and podcasts, online community networks, the use of mobile devices to access content, etc.

It has never been easier or cheaper for associations to reach, attract and serve global members as it is today.

Social Media and Online Communities – Social media and online communities have matured to the point that they are a required channel for communication, networking and collaboration for associations to meet the needs and expectations of their membership. The widespread use of social media is demonstrably changing how associations are expected to communicate with their members, and how associations must support the ability of members to communicate with one another.

Most of the attention has been focused on the technological aspects of social technologies; which platforms should we use, should we build it internally or find an existing platform or application, etc. What is missing is a framework for association leaders and managers to craft an integrated professional social media strategy. Because social media platforms are so useful in reaching potential members world-wide, GLOBALSTRAT includes the use of these tools in the global growth implementation strategies we develop.

Social Networks are a very attractive approach to build community and membership, especially international membership, because they are extremely cost effective and because of the growing acceptance of paying for online content. The challenge in the past has been that the international market was hard to identify, difficult to quantify and expensive to reach. The Internet and social media platforms have largely eliminated these barriers.

These are samples of just a few popular Social Networks used by the association community:

Facebook – (http://facebook.com) Founded in 2005, Facebook reported more than 1.86 billion regular monthly users at the end of 2016. Facebook use tends to be more for private than professional purposes, and is where users share information, photos, post messages on each other's "walls", play games, chat, etc. The demographic of Facebook users originally tended to be younger people and students although due to its extremely widespread use, it now includes all age groups.
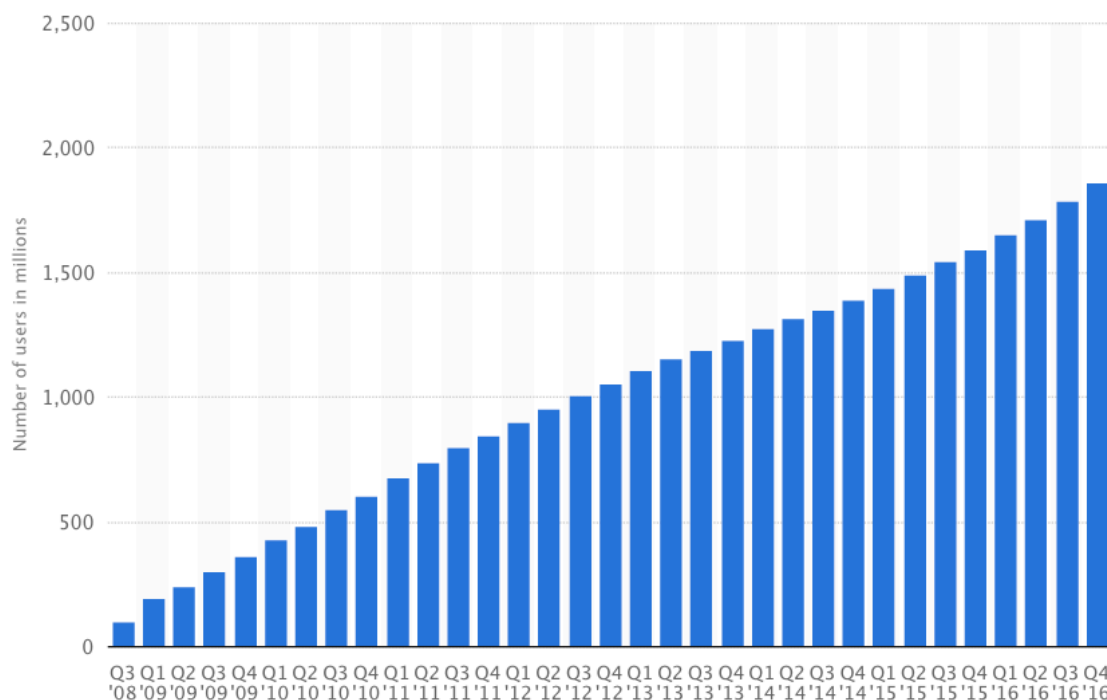
Facebook Monthly Average Users

Depending on the profile of your membership and target audience, Facebook can be an effective communication channel. At the same time, Facebook can be a challenging platform for associations to use to build community because of limitations on the controls that can be applied and the difficulty in moderating content. It is however a great platform to drive word of mouth, especially in connection with live events where a number of associations have been able to drive measurable return on investment (ROI).

LinkedIn (**www.linkedin.com**) has grown to over 467 million members, representing primarily white collared professionals from 200 countries world-wide and more than 170 industry sectors (including not-for-profit management). Membership is free to join and you can create your own special interest group using this platform (there are more than 1 million special interest groups now registered on LinkedIn, including many from associations).

Many associations are creating their own official "Groups" within the LinkedIn platform, some of which are open to the public and others that are "private", just for their association members. Many associations will also find their members have formed "un-authorized" groups using their association's name, acronym and brand spontaneously.

The majority of LinkedIn members are based outside of the U.S. where more than 70% of all members are located.

Connections in LinkedIn are made to other members through a formal invitation and acceptance process that protects access to private information and the network. Because it is a more vetted system, it maintains a relatively high quality experience for participants and is used primarily by business and white collar professionals.

The ability to use highly specific search functions makes LinkedIn an ideal tool for associations to target and recruit potential members.

For professional and trade associations, LinkedIn is a superior platform to drive results that have a positive impact on ROI because it is much more targeted and that it is viewed primarily as a business tool by its users.
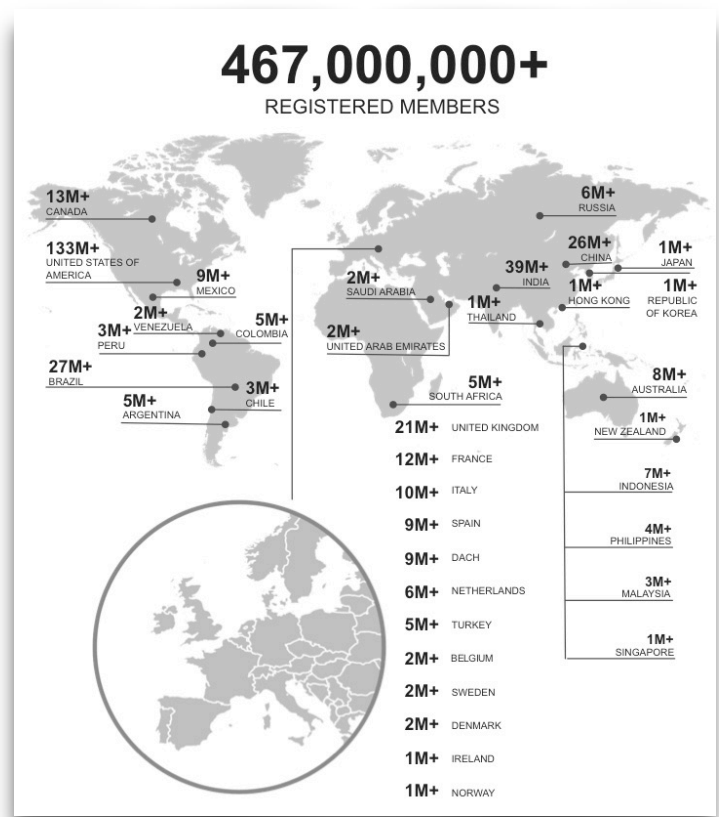
Private Social Networks – For years, associations have maintained "members only" areas on their websites that provided paying members exclusive access to premium content and features. Many associations have augmented this concept with the introduction of a "Private Social Network". These are social media applications that provide much of the same features and functionality of the public social networks like Facebook and LinkedIn but that are 100% branded and controlled by the association. Initial research by companies like Marketing General Inc. indicates that associations that are using private social networks also enjoy a higher member renewal rate.

Associations have a number of vendors to choose from to obtain "off the shelf" private social network applications or they may choose to use to develop a custom program. The American Society of Association Executives (ASAE) and the Chicagoland Forum are just two notable examples of associations that are using private social networks to enable peer to peer networking and information sharing amongst their members.
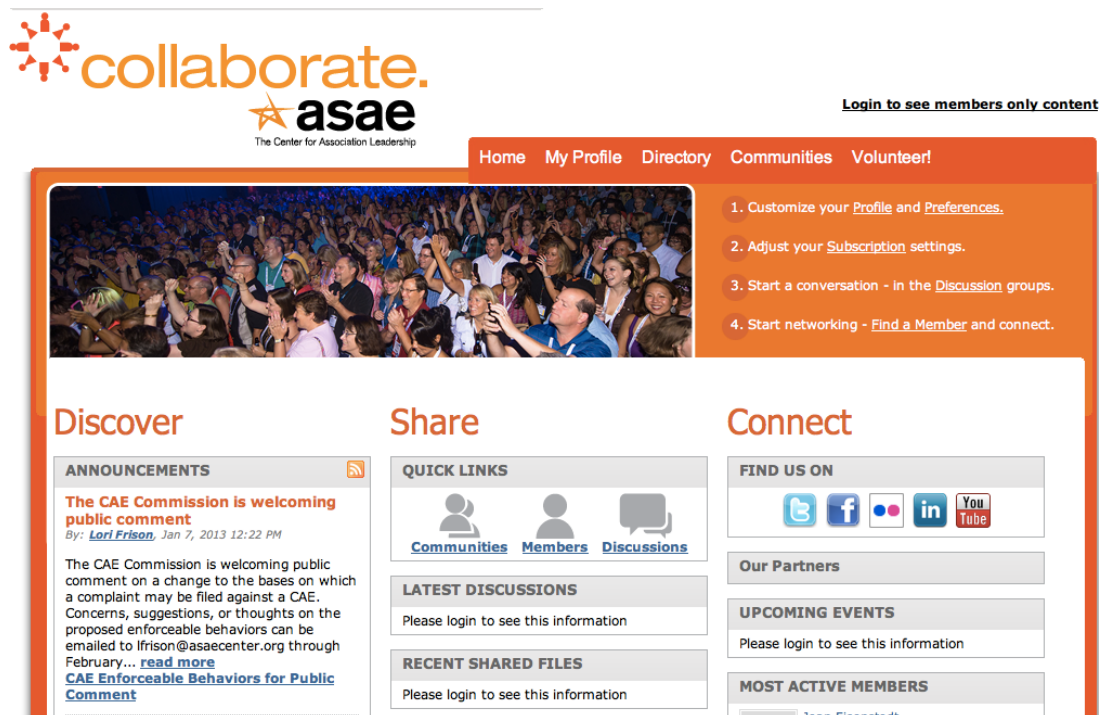
Today, social media must be a part of any international strategy as a tool for member recruitment, retention, engagement and the delivery of services. Social media provides one of the most cost effective ways to reach a widely dispersed global audience with relevant content leading to increased international member recruitment and retention.

Trade Agreements and Global Economic Development

The 1990's witnessed the end of the Soviet Union and the reunification of Europe. Since those dramatic developments, the world has experienced a period of international trade and integration on a scale that has not been seen since the end of the 1800's.

While many of the developed countries experienced negative growth during the recession that started in 2008, the majority of the developing countries were largely unaffected and continued to grow at rapid rates.

Now, nearly all economies are growing again.

According to the "The Economist" magazine in 2016, only 7 countries out of the 58 they monitored reported negative Gross Domestic Product (GDP) growth, including some of the most challenged economies in the world, like Russia, Ukraine, Venezuela, Greece, etc.

Clearly, the world economy is in expansion mode once again, supported by a low interest rate environment, higher saving rates and better risk management safeguards in place for consumers.

Despite more recent political uncertainty due to increased nationalism and protectionist tendencies, the global economic growth outlook remains positive.

This is an extremely positive environment for associations that want to take advantage of global expansion. Coupled with a stronger US Dollar, it is also more cost effective to invest in international expansion than it has been for almost a decade.

Output, prices and jobs
% change on year ago

	Gross domestic product			
	latest	qtr*	2015†	2016
United States	+2.1 Q3	+2.0	+2.5	+2.4
China	+6.8 Q4	+6.6	+6.9	+6.4
Japan	+1.6 Q3	+1.0	+0.6	+1.1
Britain	+2.1 Q3	+1.8	+2.4	+2.2
Canada	+1.2 Q3	+2.3	+1.1	+1.9
Euro area	+1.6 Q3	+1.2	+1.5	+1.7
Austria	+1.0 Q3	+1.9	+0.8	+1.4
Belgium	+1.3 Q3	+0.9	+1.3	+1.5
France	+1.1 Q3	+1.0	+1.1	+1.4
Germany	+1.7 Q3	+1.3	+1.5	+1.7
Greece	-0.9 Q3	-3.5	+0.5	+2.2
Italy	+0.8 Q3	+0.8	+0.7	+1.3
Netherlands	+1.9 Q3	+0.6	+2.0	+1.7
Spain	+3.4 Q3	+3.2	+3.1	+2.7
Czech Republic	+4.1 Q3	+3.0	+3.4	+2.8
Denmark	+0.6 Q3	-1.8	+1.5	+1.7
Hungary	+2.4 Q3	+2.3	+3.0	+2.8
Norway	+3.0 Q3	+7.3	+0.7	+1.5
Poland	+3.5 Q3	+3.6	+3.4	+3.5
Russia	-4.1 Q3	na	-3.8	-0.3
Sweden	+3.9 Q3	+3.4	+3.2	+3.0
Switzerland	+0.8 Q3	-0.1	+0.9	+1.3
Turkey	+4.0 Q3	na	+3.3	+3.1
Australia	+2.5 Q3	+3.8	+2.3	+2.5
Hong Kong	+2.3 Q3	+3.5	+2.4	+2.1
India	+7.4 Q3	+11.9	+7.2	+7.5
Indonesia	+4.7 Q3	na	+4.7	+5.0
Malaysia	+4.7 Q3	na	+5.4	+6.1
Pakistan	+5.5 2015**	na	+5.7	+4.7
Singapore	+2.0 Q4	+5.7	+2.9	+3.0
South Korea	+3.0 Q4	+2.3	+2.6	+2.6
Taiwan	-0.6 Q3	-1.2	+3.2	+2.6
Thailand	+2.9 Q3	+4.0	+3.4	+4.0
Argentina	+2.3 Q2	+2.0	+1.3	+0.1
Brazil	-4.5 Q3	-6.7	-3.4	-2.6
Chile	+2.2 Q3	+1.8	+2.8	+3.7
Colombia	+3.2 Q3	+5.1	+3.3	+3.9
Mexico	+2.6 Q3	+3.0	+2.5	+2.8
Venezuela	-7.1 Q3~	-4.9	-4.5	-5.0
Egypt	+4.5 Q2	na	+4.2	+4.2
Israel	+2.4 Q3	+2.1	+3.3	+3.9
Saudi Arabia	+3.4 2015	na	+2.7	+3.1
South Africa	+1.0 Q3	+0.7	+1.4	+1.5
Estonia	+0.7 Q3	-1.6	+2.3	+3.2
Finland	-0.3 Q3	-2.2	+0.4	+1.4
Iceland	+2.6 Q3	+2.7	+3.2	+2.8
Ireland	+7.0 Q3	+5.6	+3.4	+3.2
Latvia	+3.3 Q3	+7.7	+2.7	+3.5
Lithuania	+1.7 Q3	+1.6	+2.3	+3.1
Luxembourg	+5.5 Q3	+3.7	+2.7	+2.8
New Zealand	+3.5 Q3	+5.0	+2.8	+2.8
Peru	+2.9 Q3	+3.2	+3.9	+4.8
Philippines	+6.3 Q4	+8.2	+6.4	+6.3
Portugal	+1.4 Q3	nil	+1.4	+1.6
Slovakia	+3.7 Q3	+3.5	+2.7	+2.8
Slovenia	+2.5 Q3	na	+2.1	+1.9
Ukraine	-7.2 Q3	+23.3	-6.4	+1.7
Vietnam	+6.7 2015	na	+6.3	+6.5

The WTO, Global and Regional trade agreements – The World Trade Organization (WTO www.wto.org), based in Geneva, Switzerland, was formed in 1995 as a direct successor to the General Agreement on Tariffs and Trade (GATT). The WTO is a leading driver of change by requiring governments and companies to comply with agreements on the sales of services and goods between WTO member countries.

Today, the WTO consists of an amazing 164 member countries (84% of the 195 countries* that are recognized in the world). The primary purpose of the WTO is to administer trade agreements, facilitate trade negotiations and mediate disputes, influence trade policy and provide technical assistance and support for developing countries. The WTO agreements cover the trade in goods, services, creations and design (Intellectual Property).
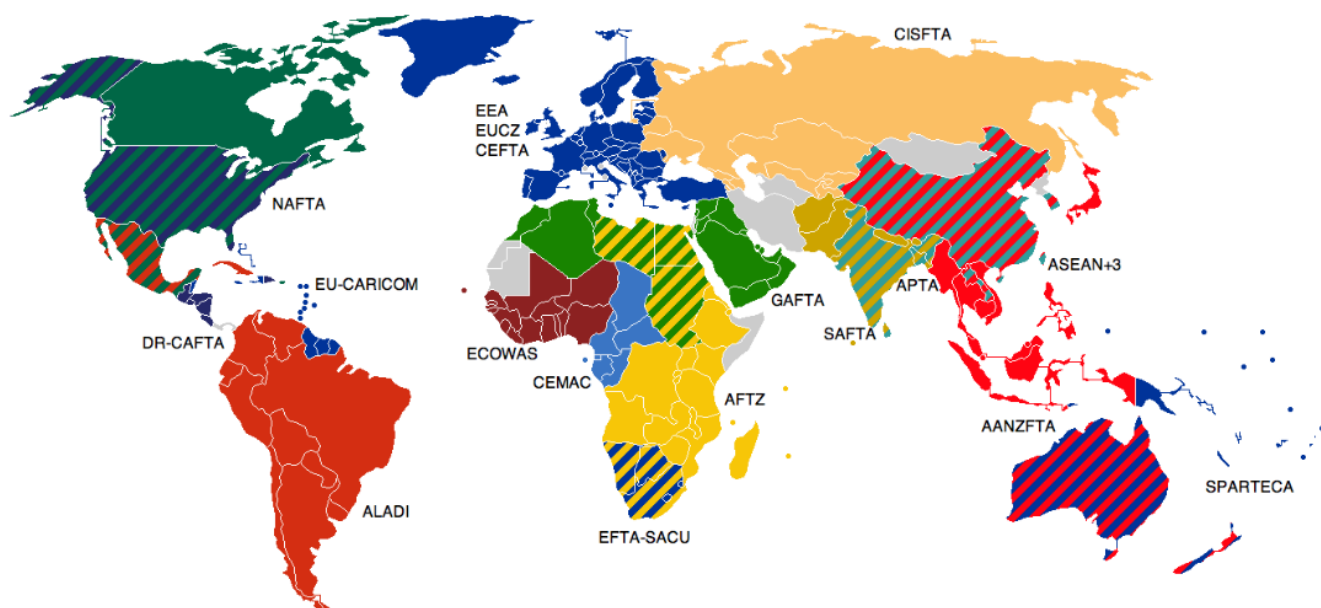
Examples of regional trade agreements
- The European Union, (EU)
- The European Free Trade Association (EFTA)
- The North American Free Trade Agreement (NAFTA),
- The Southern Common Market (MERCOSUR), South America
- The Association of Southeast Asian Nations (ASEAN) Free Trade Area (AFTA)
- The Common Market of Eastern and Southern Africa (COMESA).

Regional Trade Agreements (RTA's) exist in parallel to, and in some cases, in contradiction to, WTO agreements. Associations should make themselves aware of RTA's to understand the relationships between countries and different regions of the world that are not evident when just looking at US trade patterns.

* A list of world countries and capital cities can be found in the appendix.

According to the WTO, most member countries are party to one or more regional trade agreements or RTAs. The surge in RTAs has continued unabated since the early 1990s. There are now more than 500 RTAs.

Regional Trade Agreements are important because regional trade represents a significantly higher percentage of total trade and business volumes than the more often reported international trade figures between North America (the U.S. specifically) and the rest of the world. Regional trade and business practices represent opportunities for professional and trade associations to become more active within various regions of the world, rather than the traditional approach of simply acting from a distance.

The growth of regional trade agreements is also a direct reflection of the world's changing political landscape. As the post WWII bi-polar world has evolved over the past thirty years into a multi-lateral, free-trade based setting, people are increasingly interconnected through trade and common political platforms. The most visible contemporary and successful example is the European Union, expanding from 15 to 28 countries and over 550 million citizens. By historical standards it is a relatively young political body, the European Parliament having celebrated its 55th anniversary on 19 March 2013.

The European Union continues to play one of the most visible roles in world trade and development as a leading enforcer of anti-trust laws, as a strong advocate for environmental standards, and as a key player in the dialogue between East and West, North and South.

The unexpected and still pending withdrawal of the United Kingdom from the European Union which was the result of a public referendum held in 2016 still remains to be negotiated. It is also very uncertain what impact this dramatic event will have on the UK, the EU and the rest of the global economy.

Standards, Education, Qualifications and Certifications – Multinational corporations are key drivers for change around the world because of the impact they have on local economies, and especially because of the professional and ethical work practices they introduce. Many of these work practices are based on standards and accepted business practices that originated from trade and professional associations.

Major corporations, whether they originate from North America, Europe, Japan, Australia or South Africa, operate in a 24/7/365, round the world environment with research, development, production, sales, marketing and distribution operations located in the most efficient and effective places they can find, regardless of national borders. In order to run and operate a global enterprise, companies look for standards and benchmarks to drive efficiencies in all of their operations. The objective is to reduce 'friction' and costs by maintaining a global workforce that has equivalent knowledge, skills, training and credentials world-wide.

This, in turn, drives a demand for standards in processes, product design and safety, as well as standardized education, training and qualifications for their staff. These are key areas for associations to provide training, education and credentials.

One of the key tenets of the European Union is the free movement of goods, services and people within the EU's 28 member states. This concept has had a direct impact on the need for equivalent qualifications of skilled individuals as well as for the development of products. It is also driving a major push for the harmonization of technical and safety standards, not just within the EU but world-wide.

There are many standards-setting bodies in the world and many more organizations that provide certifications and recognize professional qualifications, most of which are either associations or closely related organizations.

Standards organizations exist at the International level (such as ISO – The International Organization for Standardization), at the regional level (such as the European Committee for Standardization - CEN), or at a national level. Additional regional standards organizations include the MERCOSUR Standardization Association (AMN), the CARICOM Regional Organization for Standards and Quality (CROSQ), and the ASEAN Consultative Committee for Standards and Quality (ACCSQ) to reference just a few.

As the world continues to globalize, demand for professional recognition and qualifications continues to grow as well. This includes the need for companies to comply with industry standards and best practices.

Global Economic Development – The common convention has been to group the world into the "developed" and the "developing" countries, most often using Gross Domestic Product (GDP) or Purchase Price Parity (PPP) as the measurements to determine which country, as a whole, is in the most developed, developing or in the least developed category.

Today's reality, however, is more complex. Many countries that in the recent past would have been categorized as "least developed" or as "developing" nations, have experienced a significant rise in their standards of living. Many consumer items that were once considered luxuries are now a minimum expectation. For example, rural communities in Africa that had no telephone service at all now have access to mobile phone technology, completely leap-frogging a more traditional and gradual development path.

Countries that have large populations with rapidly developing economies like those in Asia, have within them "developed" communities and regions of upwardly mobile, modern knowledge workers of a significant size. The traditional and simplistic view of categorizing an entire country as "least developed" can mask opportunities where markets have matured on a localized basis (such as within major cities) or on a regional basis (such as the East Coast of China, or Central Europe).

For example, both India and China are estimated to have middle class populations approaching at least 350 million citizens each, equivalent to twice the US population. This middle class has developed the capacity to purchase a car, television, cell phone, invest in housing and continuing education and has discretionary income. This rapidly growing middle class population in the world shares the same expectations and aspirations as people in the developed Western economies.

India has been an independent democracy for only 65 years. Starting in 1980, the country embarked on a strong economic growth path, albeit from a very low level, and is now building on its successes. Companies like Reliance, InfoSys and Tata are not only national champions in India but are expanding their operations to be true global players.

Real GDP growth is projected to move sideways or accelerate modestly in 2012. Activity is expected to continue to contract during 2013 in the periphery economies of the euro area. In emerging Asia and Latin America, the projected acceleration is mainly driven by China and Brazil, which have been easing their macroeconomic policies in response to weakening activity.
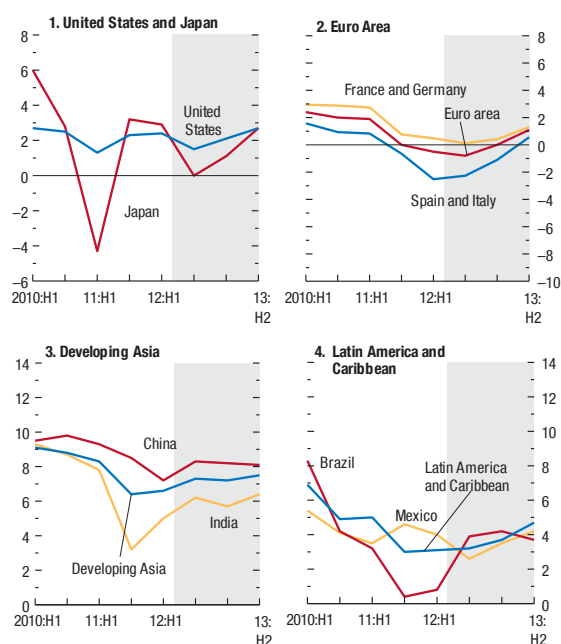
Source: IMF staff estimates.

China has likewise shifted to a market based economic model starting in the 1980's and has gained momentum ever since.

The shift in official Chinese policy to stimulate domestic consumer led demand provides new opportunities for international associations by driving up local prices making Western goods and services more competitive

For many years, China's currency, the Remimbi depreciated by as much as 25% against the US Dollar, often cited as "currency manipulation". However when exposed to more market based forces it appreciated in value dramatically from 2006 until late 2015 when the Chinese currency has once again depreciated by about 15% due to a slowing economy domestically.

Growth of Gross Domestic Product, 2017–2026
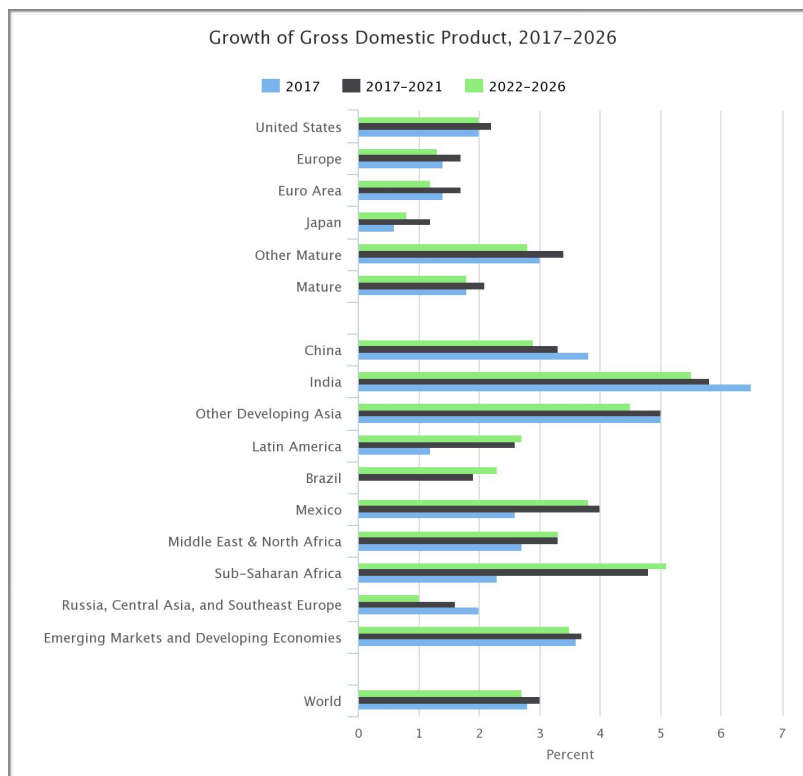
Multi-national companies and the global "Supply-Chain" effect – Many businesses are part of a vast, extended network of suppliers, producers, distributors and consumers that can include literally thousands of companies and tens of countries. Multinational firms consisting of a vast network of partner companies around the world are the norm today.

A Global Supply-Chain
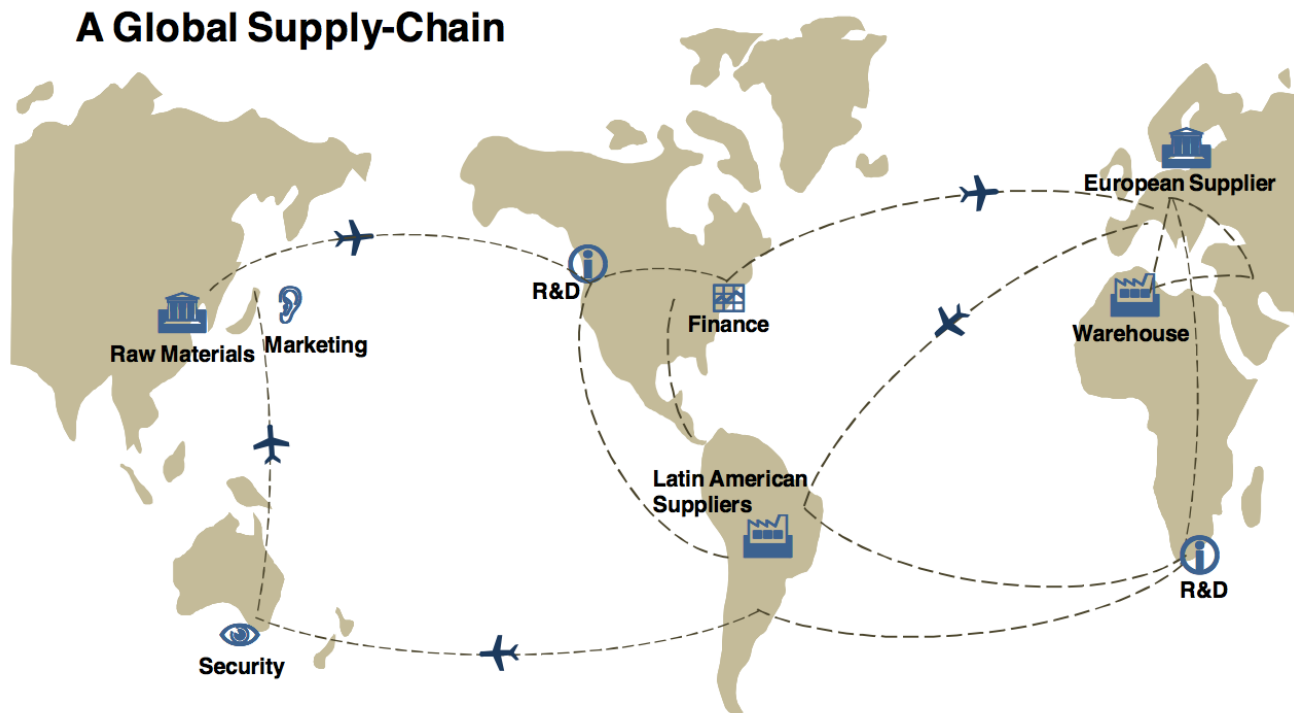
As companies have evolved from a local or national only based production and distribution network to a multinational product development, production, sales and distribution model, many US based associations have seen their members' needs shift from a US only focus to an international or global focus. This change has not been smooth or universal, leading to competing interests within the association, raising significant questions.

For Trade associations in particular there has been a seismic shift taking place. A significant percentage of trade association members are feeling the competitive pressure brought on by globalization and are turning to their national trade association for protection. At the same time, a good number of other members in the same trade association are embracing globalization as the inevitable way forward for their business interests, and they expect their association to support those interests.

According to our survey of more than 340 trade and professional associations from 22 countries, those organizations that had a high percentage of international members experienced much more rapid membership growth than associations with few or small international member segments.

How many International Members do you have?
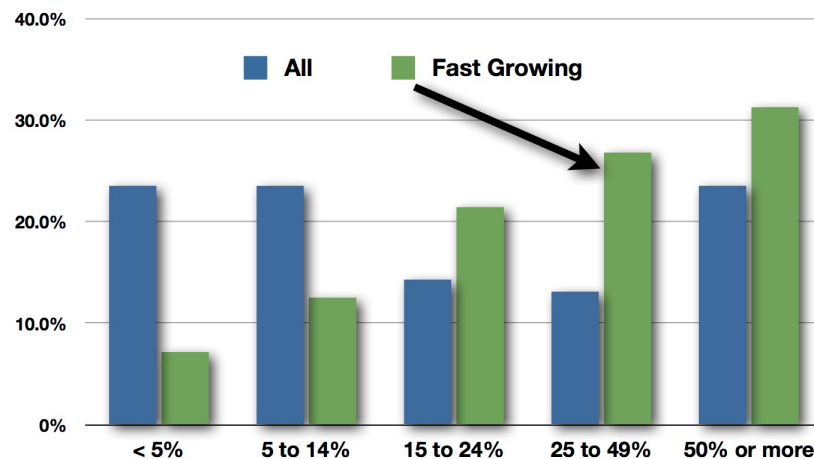
How can US based associations take advantage of the changes in the global environment to educate and prepare their US members to remain competitive?

- Associations must remain relevant to their core members, those that are threatened by globalization as well as those that are engaged in globalization.

- Associations that inform members on international developments (new knowledge and innovation trends, standards developments, changing professional practices, etc.,) will help both categories of members make better informed decisions.

- Associations that learn how to include and incorporate members from different parts of the world are in a much better position to benefit from global trends while reducing exposure to just one major market.

Your association must monitor what is happening in other parts of the world in order to identify emerging threats as well as opportunities that might have a significant impact on your organization and your members. This includes seeking out new sources of innovation, spotting the emergence of new markets, and monitoring new sources of competition.

Risk Management Approaches

Associations tend to be somewhat conservative and quite risk averse in general, especially when it comes to volunteer Boards of Directors. International growth and development is fraught with challenges that can be far outside the comfort zone of some volunteers and staff team members.

How your strategic plan and implementation approach are developed will have a major impact on how your organization can control and minimize the risk you are exposed to.

We recommend that your association use the following approaches to increase your chances of success and to reduce risk;

Focus on Product - Identify and focus on the one, two or maximum three products or services that are of highest perceived value and that are clearly profitable. (Note: This seldom includes membership but instead, is often a live event, training or credentials.) You will want to lead your international efforts with products or services that you know you can deliver well and that are financially self-sustainable.

Focus on Market - After you have conducted proper market research and competitor analysis, you should be able to prioritize those countries and regions of the world that offer the best opportunities for your organization. (Note: these are not necessarily the same countries where you may have legacy operations or partnerships.) By starting with the countries that offer the best opportunities, you reduce the chance of failure.

Start Small and Build on Success - There is only so much research you can do to estimate the potential demand for your products and services in advance. You will increase your chances of success (and reduce your risk of failure) if you focus on a handful of countries and one or two key offerings as your entry point. It is much easier to build on a small initial success than it is to recover from failure by trying to do too much too fast with too few resources.

Remember, one of the objectives your association should include in your international strategy should be to learn more about the needs of the market.

There is no better way to understand and test these needs than to actually be involved and engaged through the delivery of programs. By starting small, you minimize the potential risk when some of your efforts are inevitably less than completely successful.

One of the most difficult decisions for an association's Board of Directors is to determine what is an appropriate amount to invest in a major initiative like international strategy, and what kind of a return and timeline are to be expected.

We strongly recommend that association leaders develop an investment policy **before** embarking on any major project. We provide the following suggested guidelines;

1. **Budgeting.** Determine the amount of revenue needed for your ongoing annual operations. (This is simply your annual budget).

2. **Determine your association's reserve policy.** (Typically, associations set aside a reserve of 6 months to 1 year of operating expenses. The correct amount for your association depends on your tolerance for risk and the volatility of your future income sources).

3. **Calculate your discretionary funds.** Determine the amount that your association currently has in excess of the stated reserve policy. The excess amount is your "discretionary" fund. (Many associations have accumulated reserves far in excess of their stated reserve policy. These excess funds should be reinvested in the association).

4. **Establish a policy for the use of your discretionary funds.** For example, "No more than 30% of all discretionary funds may be used for any one program or investment." This allows you to set guidelines before you start considering program investment proposals.

5. **Establish guidelines on expected returns for program investments.** For example, major investments are expected to provide a break-even return or better within 36 months. For associations that use discretionary funding for member programs that are not expected to provide any returns, the policy might state: "No more than 20% of all discretionary funds in a calendar year may be applied to programs that do not provide or are not expected to provide any financial return."

By establishing these kinds of policies in advance, it becomes much easier for the Board of Directors and for staff to determine if a proposed international growth strategy, or any other major program for that matter, meets your investment criteria.

This is a much better approach than debating the appropriate levels of investment and the merits of major projects on an ad hoc, case by case basis without any established guidelines.

Value Based Pricing

A common approach many associations use is to discount their products, services and membership fees for international markets, especially for emerging economies. Often this approach is based on the fact that many countries have a lower GDP per capita than compared to the United States and it is therefore assumed that the prospective members or customers cannot afford what the association normally charges.

While this may indeed be the case, more often that not, associations are unnecessarily under-pricing their membership, events, products and other offerings. This makes it very difficult or nearly impossible to then run a sustainable international program.

In order to arrive at an appropriate price, the association should invest some time to understand the actual value of what you are offering to your particular marketplace.

For example, members of the Supply Chain Council (a global association representing more than 1,000 companies globally) are senior executives of large companies and are based all over the world. Regardless if the member is based in Brazil, South Africa, India or in the US, senior supply chain managers earn very nearly equivalent salaries because they are in demand globally. Although the GDP of the countries mentioned vary quite a lot, it would make no sense to offer discounted pricing based on the GDP of the country where the member is located. It is just not relevant compared to what the member actually earns and can afford.

When trying to determine the price for your membership and other offerings, it can help to describe what the benefit will be for your member directly and then equate that value to a dollar amount.

> **For a professional society**, you can estimate what is the value for the member if they can improve their skills and network sufficiently to gain a 1% salary increase? What is the value of obtaining a credential that qualifies the member for a promotion?

> **For a trade association**, what is the value for a member company if they learn how to reduce their overall costs by just 1% a year because of what they learn as a member of your association?

If you can equate a direct benefit you are offering to how the member or customer can translate that into a monetary amount, you have learned how to use "value based pricing" to set an appropriate price for your membership, events, products, content and services.

Competition for what associations traditionally have offered is rapidly increasing. Associations no longer hold the exclusive keys to knowledge sharing and networking. For-profit entities and social media provide networking platforms and easily accessible knowledge directly competing with associations for traditional core benefits of membership.

What remains as a competitive advantage for associations are six areas of activity and services that are either very difficult or impossible for the for-profit world to replicate or to provide. These are the most sustainable product lines available to the association community going forward, including internationally:

- **Standards –** Driven by the need to reduce barriers to trade, enable the diffusion of technology, and drive transparency in all facets of human activity, standards are in demand as never before. Associations, using a democratic, peer reviewed and transparent process, offer the most robust and tested methodology for developing common standards for products and services.

- **Education –** Directly linked to the understanding and use of global standards, associations are in the best position to provide professional education that supports or is compatible with the standards developed from within its community. Because associations draw on a vast pool of professionals, they should be in a superior position to attract the most qualified instructors.

- **Training –** Delivery of professional development opportunities and the use of best practices, identified through a peer reviewed collaborative process, are in high demand. Associations are uniquely positioned to collect information from a broad stakeholder group and to then organize and deliver this information in the form of training programs.

- **Certification –** Demonstrated proof of training, development, skill and qualification is of very high value and keenly sought after, especially in many international markets. Commercial entities simply do not have the same level of credibility that associations do when issuing certifications. Governments tend to prefer that a profession or an industry regulates itself, defines industry standards and issues professional credentials.

- **Accreditation –** There is an opportunity to leverage and extend your organization's scope of influence through existing channels of education and training by accrediting higher education and training providers. Although it requires significant time and administration, this is a potentially successful option to reach and develop new markets abroad with less investment and risk, by working with partners (*See Licensing and Franchising).

- **Government Affairs –** The rapidly changing trade environment is having an impact on governments around the world, driving them to draft and adopt legislation that is compatible with, or at least not obstructionist to, the international business community. Governments are looking for objective sources of information and expert opinion on which to base the new legislation they are drafting. In the case of the European Union as an example, where legislation at the "federal" level is relatively new, associations are not only welcomed but encouraged to get involved in the development of new regulations and laws.

  It is important to recognize that the principles of government affairs and politics apply equally, wherever in the world you may be. Namely, that legislators will work only with groups that they feel represent their electorate or stakeholders. Therefore, when doing government affairs abroad, a wise strategy may be to establish a local chapter or subsidiary, partner with a local or nationally related organization, use an experienced specialist or consultant, or to at least establish a local contact point in the major political capital where you wish to be of influence.

A meetings led strategy - In addition to the above six (6) specific areas where associations have a unique competitive advantage, organizations should consider how to leverage one of the most effective tactics to grow internationally; through meetings. Meetings are highly effective because they function as a platform to facilitate multiple benefits: experience exchange, networking, dissemination of new information on products and services, promotion of the association brand, etc. If done right, they are also profitable.

*Licensing and Franchising – One option that may be appropriate for some associations is to license association content. This may include the use of the association brand, publications, training materials or many other forms of intellectual property. The use of licensing in an international strategy can be a method to reduce risk and up-front investment while expanding into new markets. It is also a good approach when you want to disseminate information in different languages by licensing the rights to translate content.

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

Developing a new market, regardless if it is an international or a national business, progresses through similar steps. Early phases, such as the research, testing & launch and early stage roll-out typically consume resources before they start generating significant revenue. Once the market becomes more established, the leading market entrants will win the majority of the profits in that market.

Typical Market Development Phases
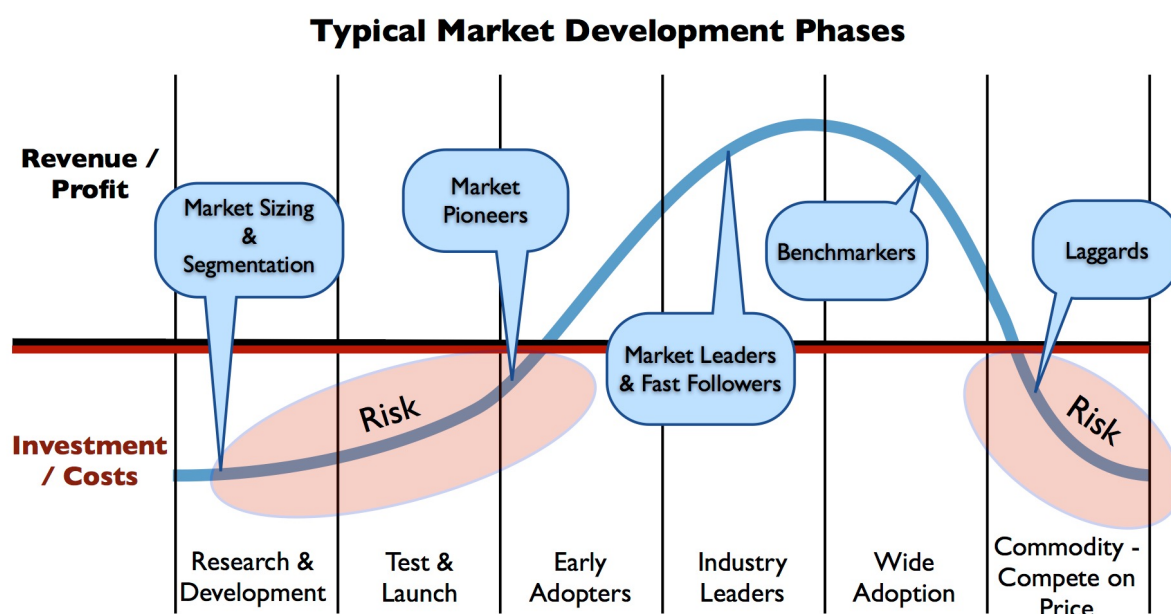
As more entrants enter (the "benchmarkers"), attracted by the profits of the industry leaders, the market matures and begins to commoditize the services or products. Eventually there is a competition based on price rather than service or quality and the profits drain from an over-supplied market. By this time however, leading organizations will have identified ways to innovate, and to have defined either a new market for their services, or have redefined their offering to the existing client base. The laggards will stay in an unprofitable market.

Just as there is risk when entering a market, as illustrated above, there is equal risk in staying in a mature market too long. Leading organizations start planning for tomorrow, before they feel the pressures of a declining market position, whether at home or abroad.

Global markets offer the best opportunity for associations to innovate and grow internationally while they are still in a mature market at home.

GLOBAL**STRAT** supports using a process based approach to develop a successful growth strategy. This approach ensures that the strategy is developed in a sound manner and that critical issues are anticipated. The result is a strategic business plan that is tailored to the needs of the association, reflecting its unique culture, environment and vision.

1. Discovery and Scoping

At the Discovery and Scoping stage, the focus is on developing a deep understanding of the organization's mission, vision and history as well as its culture, governance structure, staff and membership. These essential understandings help to define, categorize and prioritize a set of organizational goals.

Your Organization's Objectives
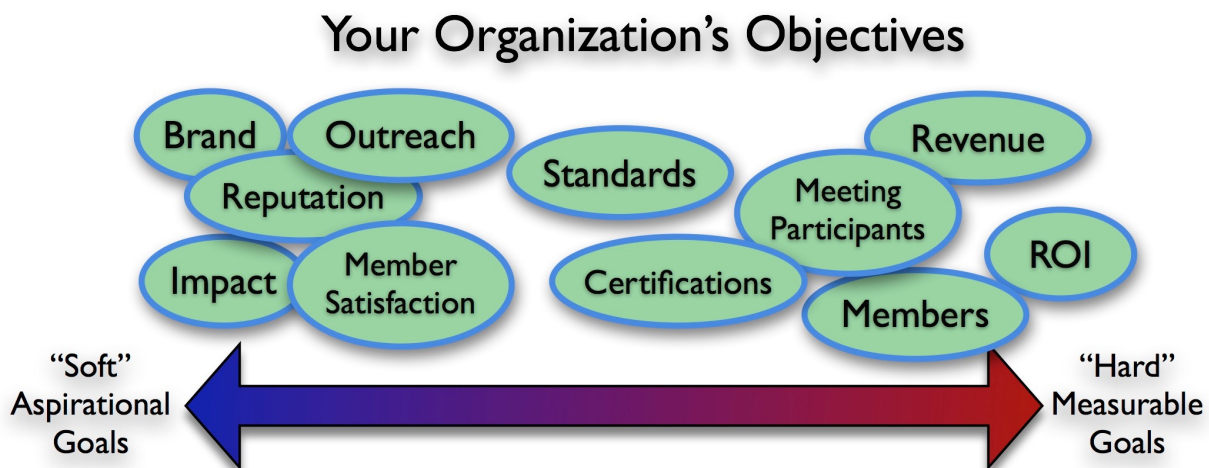
Part of the process approach is to identify, quantify and measure goals that are intangible or "soft" versus those goals that are easily quantifiable or "hard" objectives. The outcome of that process will have a strong influence the focus of the international business plan.

Most associations have a combination of "hard" ROI goals (revenue, number of members, number of attendees...) and "soft" goals (increase the profile of the profession and raise the standard of professional practices world-wide…). Few associations however explicitly identify the relationship between these two very different types of objectives and determine their relative priority to one another. Generally speaking it is the "hard" metrics that drive revenue and it is the "soft" metrics that consume resources.

Getting the mix right is a crucial part of setting your strategy.

2. Baseline Setting

At the Baseline Setting stage, your current level of actual international activities, initiatives and revenues are measured to assess the overall financial, operational and managerial impact these activities currently have. This will also allow you to measure future performance and judge the results once the strategic plan is implemented.

Current and Projected Revenue
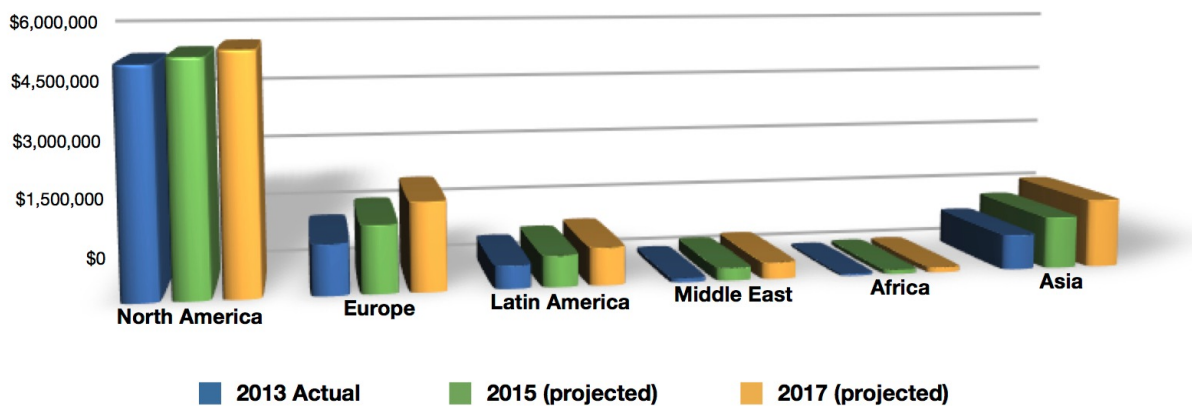
In many cases, the amount of revenue generated from "international" sources is underestimated or poorly understood. When calculating your baseline measures, all sources of international funding and content should be taken into account, including:

- international meeting participants,
- international members,
- non-domestic exhibitors and sponsors for your live events,
- non-US webinar participants,
- international book sales,
- authors and speakers located abroad that contribute content.

In many cases, these figures have not been collected or reported before and only assumptions have been made about what the true amount of all "international" revenue really is.

3. Environment and Market Research

When performing environment and market research, a set of techniques and tools are used to create a profile for each target market and environment. These are then further interpreted and examined in the Analysis stage.

Based on our recent survey of more than 340 organizations, the greatest challenges and most difficult obstacles faced by associations have been identified as indicated below;

Survey of Global Growth Challenges

Challenge	
Defining appropriate business models	
Accurately estimating the international market's potential	
Language issues	
Identifying qualified partners (associations, vendors, other..)	
Governance structure	
Cultural issues	
Identifying qualified volunteers / leaders	
Communications (time zones, other)	
Legal and registration issues	
Standards and regulatory issues	
Currency and banking issues	
Identifying qualified staff (local or expat)	
Assessing and managing risk	
Technology issues	

Defining the most appropriate business model and accurately assessing international markets' true potential are the two most commonly faced challenges.

It is important not only to estimate the overall potential demand of an international market but to also understand if there is a "gap" that your organization can fill. If the market demand is already being met by local, established associations and for-profit companies, there may not be enough unmet need to be sustainable for your organization.

This is the difference between the "gross" opportunity and the "net" opportunity available to your association.

China for example is often viewed as a market with enormous potential. However, it remains to be seen if the market is able to be exploited profitably.

With 1.3 billion citizens, China has a very large "gross" market potential. However, if you deduct direct market obstacles, you might not have a sustainable "net" market opportunity.

"Net" Opportunity

Market Obstacles

Total Market Demand

Market Supply (competition)

Gross Market Opportunity

Market "X"

Language

Regulation

Currency

Culture
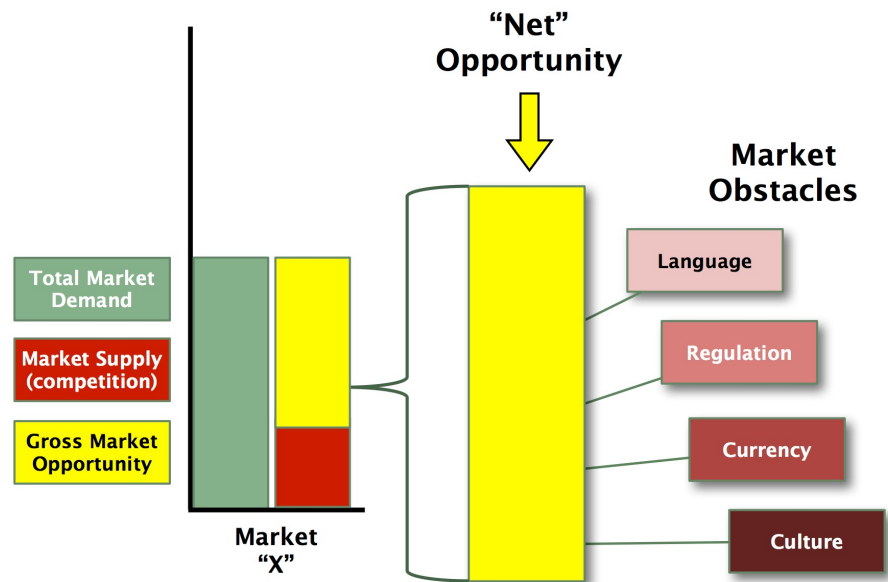
For example:

1. How do you operate as a not-for-profit in China where it is difficult to register and difficult to remove funds as a not-for-profit?

2. Although there are more than 1.3 billion people, how many are true potential members for your association?

3. How do you address the language issues?

4. How do you go about identifying, contacting and vetting local partners in a vast country like China, especially when the government is involved behind the scenes in almost every major sector?

Having a large potential market is just one-half of the story. Identifying the real potential is what matters most and is a difficult challenge for associations to gauge.

4. Analysis

At the Analysis stage, all preliminary research will be examined and interpreted. The relationship between your association, including current international activities and offerings, and the markets that have been researched will be assessed to form the foundation of a realistic and achievable business plan.

It is important to craft and analyze alternative scenarios for your organization's market entry planning, including a review of alternative forms of establishment (chapter structure versus a federation, or a for-profit subsidiary, etc.) and what type of deployment approach might be most effective (establishing a local "Point of Presence", a regional Headquarters, services delivered from the Headquarters staff team, or a partnership with a local affiliate).

The analysis stage is an exciting phase in the development of your global strategy. It is normally at this stage, while working with staff and volunteer leaders, that creative insights are made. It is the analysis stage where alternative scenarios are explored and debated.

One of the greatest benefits of developing a global strategy is that your organization has the opportunity to introduce new business models, products or services in new untested markets that would be impossible or difficult to do at home.

5. Review Governance Implications

The form of your governance structure will have a major impact on your ability to deliver a successful international strategy. Your legal and policy frameworks should be aligned with your organization's mission, vision and strategy. Often, an association's governance structure must be adapted to support a more international posture.

When developing your global strategy, it is important to understand what is universally applied to your profession, industry or body of knowledge, and which aspects are governed by local conditions. Based on experience with many organizations over the years, typically 60-75% of what an association does applies equally well all over the world. The remaining 40-25% is highly influenced by local rules, regulation, culture and tradition.

The diagram contains the following labels:

Global Professional & Industry Issues[1]
Standards | Training | Education | Certification | Advocacy

Association Mission, Governance, Policy & Strategy[2]

Global Programs[3]

Includes all Internet & electronic based services and products

National / Local Programs[3] **Regional Programs[3]**

National / Local Issues[1] **Regional Issues[1]** **Global Issues[1]**

❶ Market Research (Local / Regional / Global)
❷ Global Governance / Strategy / Business Plan Development
❸ Implementation, Customize for Regional / Local Needs

The first step (1) in the process is to conduct the necessary research and market studies to determine which concepts and information are applied universally. You will want to measure the true opportunity of international markets before going further.

Second (2), establish a global governance structure that will support the development of your international strategy and business plan. The right structure will ensure you get commitment from your global stakeholder group.

Thirdly (3), use your global structure to faithfully translate global core truths and your base Body of Knowledge (BOK) into regional or local programs that meet the needs of your members. Remember, the amount of customization required will differ greatly from association to association.

As democratic organizations, it is normal that some form of representation should be given to your different association membership segments. When crafting your international strategy, it is important not only to consider what is the right structure for today, but to anticipate what is the right structure for your future. This includes considering different business models for different parts of the world.

Not all options are appropriate and before making recommendations on a business model and implementation plan, the potential impact on the association's governance structure and potential legal implications should be reviewed. Some potential business approaches may simply be inappropriate or would meet strong resistance within the culture of the association from a governance perspective and therefore would not be recommended.

6. Business Strategy Development

The Business Strategy Development stage is where the association leadership defines and confirms specific organizational objectives that the business plan will be designed to deliver. This stage is also when the form of business structure and governance, as well as the products and services that will be deployed, are defined. This stage would identify which markets would be developed, in which order and how they would be approached.

Often, the world is categorized into tiers or groups at this stage according to key business characteristics. This can include things like the Gross Domestic Product (GDP) or Purchase Price Parity (PPP) as well as characteristics that are unique to your association's business or professional sector. What is important is that you have a common approach that can be applied to prioritize your efforts and to focus on those countries and regions that share similar characteristics.

It is also very important to have defined by this stage how you are going to measure "success". This is actually one of the areas that associations struggle with the most, especially volunteer board members. Everyone can agree that we want to be "successful" but what does that mean? How will you know when you have achieved it? By when?

As the saying goes "If you do not know where you are going, any road will get you there." Spending the time needed to define, in measurable terms, exactly what you mean when you are talking about achieving success as an organization is time well invested.

7. Business Plan Composition

Once the target markets have been defined, the business model has been selected and the products and services defined, it is time to craft a detailed business plan. Typically, the business plan will cover a period of three years, highlighting milestones and stressing financial performance (i.e. budgets, sales forecast, monthly cash flow and revenue projection) that would map to the business strategic approach.

We recommend using a three year time horizon because we feel it allows enough time for a strategic plan to be implemented and to get important feedback. We feel it is also enough time to expect significant results and to make adjustments if necessary. Any shorter and you risk effecting real change. Any longer and you risk never reaching your goals.

Sample Business Plan Cash Flow Forecast Years 1,2,3 — Cash Flow (Period JAN-DEC 2016)

The business plan would include all of the information captured to date in summarized form, include the strategic approach, and then go further to identify specifically the resources required (financial and human) and revenue generated through the implementation of the plan over a period of three years with month by month financial projections.

8. Business Plan Execution

Your association will have several options on how to put the business plan into action. These implementation options each have relative advantages and disadvantages.

For example, for a meetings led strategy, you may want to manage your international events using your in-house meeting planning department, outsource a portion of the project to a "destination management company" (DMC), or outsource the majority of the events management to a "professional conference organizer" (PCO). The choice will depend on what resources are available internally, the difficulty of the task, the countries where the events will be held and the availability (or otherwise) of professional suppliers at a reasonable price.

One of the main objectives during the global strategy development process is to help educate and train your staff and volunteer leaders to be more effective at delivering international programs. Whether you ultimately decide to use all in-house resources, or if you select external service providers, the skills required to manage and protect the interests of your organization are very similar.

GLOBALSTRAT has worked with hundreds of organizations over the past 25 years and has researched the most common obstacles and challenges that associations face when working internationally. By learning what challenges most other associations have encountered, we can be better prepared. The barriers to international growth and development often include most, if not all of the following elements:

- **Governance** – Expanding your organization's activities internationally will impact your governance and management structures. You will want to strike a balance between control and empowerment, between brand identity and adapting to new cultures and perceptions, between engagement and risk management. The right governance structure cannot ensure success but the wrong governance structure can ensure failure.

- **Language –** Depending on your specific stakeholder group profile, language can be a significant barrier. For the sciences, engineering, transportation, senior management, medicine or IT for example, English is commonly used and is therefore not a significant barrier. Many professional associations represent individuals who do not have a second language capability and for whom language is therefore a major barrier. It will depend on the profile of your member segment internationally.

- **Legal Issues–** Operating in a foreign country exposes your organization to potential legal risks. In addition, the need to register your business in order to conduct operations in more than one country requires time, patience and knowledge. The process to become registered as a proper not-for-profit entity can be difficult, expensive and time consuming and requires ongoing administrative, legal and language skills that your association may not posses in-house.

- **Finance (Banking / Currency) –** International payment systems and the ability to pay in a local currency, to a local institution are of great importance when trying to retain or attract association members. Your association's ability to repatriate earnings may or may not be straight forward, or in some cases, not even allowed. Fortunately, Internet banking, third party payments systems like PayPal and an integrated global financial system means it is easier than ever to maintain control and transparency over your international financial operations.

- **Culture and Language –** Every culture is unique and special, requiring sensitivity and appreciation. Many of the world's cultures have histories that extend hundreds and sometimes thousands of years, connected to specific regions and languages. People everywhere often feel that they have as much to contribute as to gain by joining an association and are sensitive to being "talked down to". It is always good practice to exercise respect and to consider what can be learned from your international counterparts. Because innovation is taking place in all corners of our planet, it is a wise organization that looks for thought leadership, regardless of its location of origin.

- **Competition (direct & indirect) –** The concept of a "not-for-profit" organization is very different from country to country. Individuals and companies will often expect some direct benefit from their contribution as a "volunteer". Different cultures also do not share the same concept of the division between government, business and the not-for-profit sector. It is not unusual in certain countries for the government to play a very direct role in business and civic organizations, including associations. This can make it unclear who is a potential partner or a potential competitor. It takes time to understand who you are working with and their true position within the local community.

- **Awareness –** Due to many issues, including those of language and culture noted earlier, there is a greater challenge to identify and reach your prospective stakeholder groups. Job descriptions and organizational structures may be very different from what you expect, making it harder to identify your stakeholder groups. Because your organization may be new to a region, the fact that your "brand" is well known at home does not necessarily guarantee immediate or universal awareness abroad.

- **Staff Capacity & "Bandwidth" –** International development, like any significant project, requires a long term approach with a sufficient quantity and quality of skilled resources. Your organization may simply not have the quantity of qualified resources and skill sets that a global strategy requires.

  For staff that do not have personal experience living, working and managing internationally, it is typically a case of "not knowing what I do not know" and learning through trial and error.

  Local knowledge and assets, an international management structure, together with training and coaching for US based staff that have international responsibilities are essential ingredients for success**.**

Business Models

Associations have the option to use different structures and approaches to the development and delivery of member services internationally. No single approach fits all organizations nor is there only one most successful way of delivering membership services and products. As associations grow and develop, and the environment in which they operate evolves, the association must use the business models that best suit the conditions.

The following table describes five different business models that are used by international associations, with a description of each structure and an evaluation of their relative pros and cons. The comments regarding the perceived pros and cons are based on experience and observations of hundreds of associations over the past twenty years. Any or all of the approaches described below "could" be implemented effectively, however, some are more likely to succeed in an international setting than others. Each organization should develop a map that fits their particular organization and environment.

Type of Structure	Features / Profile						
	Ease to implement	Admin	Liability	Control	Reward	Cost	Effective-ness
Single Site	⬆	➡	⬇	⬆	⬆	➡	↗
Chapters/ Regions	⬇	⬇	⬇	↗	↗	⬇	⬆
Franchise	➡	⬇	➡	➡	↗	↗	↗
Affiliate	➡	➡	➡	⬇	➡	↗	➡
Federation	⬆	↗	⬆	⬇	⬇	⬆	⬇

⬆ = Best   ↗ = Good   ➡ = Neutral   ⬇ = Negative

Definitions

The following definitions provide an objective description of how different structures typically function in the context of managing and serving members and volunteers in an association that has differing levels of membership outside its national home market.

Definition of Terms - Features / Profile

Ease to implement – refers to the barriers, or the lack of barriers to establish a certain type of structure. An upward pointing arrow indicates a high degree of ease to implement (few barriers).

Administration – refers to the degree of administrative burden (time and effort) to maintain a certain type of structure on an ongoing basis. A downward pointing arrow indicates a high degree of administration (high amount of oversight and management) is required.

Liability – refers to the degree of accountability for the organization using a particular structure. A downward pointing arrow indicates a high degree of liability (accountability). This includes legal and financial risks.

Control – refers to the degree of influence and unilateral decision making that an organization has over a certain type of structure. An upward pointing arrow indicates a high degree of control and discretion.

Reward – refers to the amount of benefit that attributes to the organization using this type of structure. An upward pointing arrow indicates that a high degree of any benefit that is generated is returned to the organization.

Cost – refers to the amount of financial or capital investment required to establish a certain type of structure. A downward pointing arrow indicates a high amount of investment is required.

Effectiveness – refers to the relative effectiveness of a certain structure to provide a satisfactory return or achievement of objectives. Note: success objectives can include membership, sales, influence or other organizational objectives that can be either tangible or intangible, such as raising awareness.

Pros and Cons by Type of Structure

Single Site – All membership services are delivered from one central office. Non-domestic membership administration and volunteer support may be assigned to one or more specific staff members in charge of the "international" desk. Challenges to servicing international members include: different time zones, non-familiarity with international addresses, titles, languages, shipping, payment methods etc. Central office staff assigned to international responsibilities may have little or no actual international experience personally.

The positive side is that the Headquarters office retains complete control with little or no additional financial or infrastructure investment needed as existing staff and structures are used. It can, however, be one of the least effective means of growing international membership. Members and volunteers often feel distanced from the association and volunteers in particular have little incentive to invest time towards membership development when they do not have access to resources.

Pro – Ease of establishment
Con – Lack of effectiveness

Chapters / Regions – Chapters or Regions (or any other geographical designation, hereafter referred to simply as Chapters) are the most traditional form of international development. They stay within the control of the organization and are, at least initially, established and run by volunteers. Consequently, there is a new additional layer of volunteer leadership that must be managed. It is important that policies, reporting and financial controls are put in place. As chapters grow, you can expect that they will request / demand more autonomous control and resources.

Chapters, given the right balance of autonomy, resources and support, are one of the most effective ways to grow membership internationally. The local volunteers become the best advocates for your association and have many advantages: local knowledge, networks, language skills etc. Since chapters are fully integrated within the organization, you benefit directly from their successes.

Chapters also require a good management structure in order to make sure that they comply with agreed policies and that the headquarters is aware of what is happening at the chapter level. The concept of what an association is and how it should function is very different outside the US. The concepts of volunteerism and contributing to a profession are less common and can lead to misconceptions and differing expectations amongst volunteers and staff.

> 🟢 **Pro** – Can be very effective in promoting growth and development
>
> 🔴 **Con** – Requires a high degree of management and oversight, often leading to disputes over resource allocations as chapters become more successful.

Franchise and Licensing – Several associations have taken the approach to offer a franchise or license to a local operator rather than to establish a chapter. This is particularly true for associations that are delivering training, education and certification services. The advantage of offering a franchise or license is that the franchisee has maximum incentive to drive growth because of the financial incentive to do so. The difficulty lies in identifying and qualifying an appropriate party to act as a franchisee and to structure a franchise agreement that satisfies both parties.

Franchising or licensing can be an effective way to get a new market started but often ends up restricting growth as the initial franchisee strives to block competition (to maintain a monopoly position) while often not being able to further develop the market on his own. Franchises also require good management control to ensure that the franchisee is operating in the best interest of the association by respecting the business commitments and intellectual property rights.

> 🟢 **Pro** – Takes advantage of an entrepreneurial approach and shared costs
>
> 🔴 **Con** – Requires a strong management approach to control the franchisees

Affiliate – Affiliate agreements are typically made with already existing national or regional associations that then become the official affiliate or representative of your organization. In many cases the relationship is nothing more than a co-marketing arrangement with no exchange of revenues or costs. In other cases a percentage of membership fees or an arrangement of co-membership benefits is agreed.

Affiliation agreements are one of the easiest structures to implement and are an effective way to raise the awareness of your organization quickly on a wide scale, requiring fewer resources. However, affiliation agreements bring fewer directly tangible benefits.

The nature of affiliation agreements and common practices between associations make it difficult, if not impossible, to directly enter the target market should you decide at a later date that your affiliate partner no longer meets your expectations. Affiliation agreements are often entered into as an alternative solution in order to avoid direct "conflict" or "competition" between associations.

> **Pro** – Ease of establishment and fast, wide ranging recognition
> **Con** – Lack of real benefit and inadequate long-term solution

Federation – A federation is a collection of autonomous and independent associations that share some common objective. By definition, federations are formed to bring together several or more already established and independently operated organizations with shared issues to gain a broad representative function.

Federations are traditionally fairly weak organizations, designed to be more political in structure than to deliver direct services. Federations can, however, be strong structures for government affairs or in the setting of standards.

Federations often are poorly funded since they rely primarily on contributions from their member associations and normally do not have any direct members. There is often tension between the "center" (federation headquarters) and the member organizations over resource allocation. This is because the individual members of the federation members (associations themselves) often are too removed from the benefits of federation membership and the member organizations prefer to allocate funds to direct member services.

> **Pro** – Broad representation, low financial requirement
> **Con** – Ineffective, low direct benefit to membership

Model	Description	Pro's	Con's
Global HQ	Single global HQ with staff in one primary location serving a global membership base.	All staff and resources are concentrating in one location providing ease of management coordination, communication and collaboration.	Lack of feedback "from the field" and appearance that the organization is disconnected from the membership and its local issues.
Chapters	Chapters are semi-autonomous units of the organization based on geographic territories and minimum member counts.	Pushes accountability and relevance closer to the member, allows for some customization for local needs.	Common disputes between large and small chapters versus "headquarters" include: resource allocation, delegation of authority and brand management.
Federation	Organization whose members are completely autonomous associations, usually at the National level around a common industry or profession.	Requires minimal financial and human resource contribution. Represents a broad geographical base and therefore usually has some political weight at the international level.	Typically underfunded, overly bureaucratic and more focused on political issues over technical or professional issues. Can be very slow to make or implement decisions as major issues must also be decided at the Board level of the individual members.
Affiliation	Similar to a Chapter but based on a signed agreement where the parties retain independent identities.	Allows closer collaboration and appearance of a larger network without necessarily incurring large investment or liability issues.	Lack of complete control over brand management issues. Requires a high level of trust or auditing to ensure parties are staying compliant with the affiliation agreement.

Model	Description	Pro's	Con's
Outsource Services	Delegating the delivery of services internationally to third party providers including PCO's (professional conference organizers), AMC's (association management companies) or specialist consultants.	Services are provided for as per a professional services contract by a local supplier that assumes the majority of the risk and liability. A well placed supplier can provide quality services more effectively and efficiently in a given market or geography.	There can be a lack of control or limited recourse if the services provided are not at a required level. There is a limited number of qualified suppliers of professional services for associations internationally.
Franchise	The licensing of a brand and intellectual property to a third party for use in a specific manner and within a defined territory. Governed by a franchise agreement.	Can be a very useful way to tap into entrepreneurial organizations to sell specific products for the association with limited investment and market risk.	Requires careful selection of the franchise partner, a well written franchise agreement including specific description on the ownership and handling of all intellectual property and brand management. Also requires a strong management and audit component to ensure the franchise agreement is honored properly.
For-Profit Subsidiary	The association establishes a wholly owned for-profit subsidiary for a specific territory (such as a country or a region)	The association maintains 100% control over the entity and therefore reaps the full benefit of its activities. Can be very useful for countries where the establishment of a not-for-profit association is very difficult such as the Russian Federation or mainland China.	Requires significant investment in human resources, infrastructure and management time. Will have an impact on the associations Unrelated Business Income Tax (UBIT)and exposes the association to liabilities in the target jurisdiction (employment law, local tax issues, business registration and reporting requirements).
Regional Offices	The association establishes regional service centers to deliver membership and other services for a specific geography, either nationally or regionally (such as for "Europe" or "Asia Pacific"). May be own staff or outsourced.	Establishes the association as an international organization, provides local members with a contact point in a local time zone and usually local language. Provides "on-the-ground" feedback and intelligence to the association to better serve its international membership.	Requires a significant investment and a commitment to manage the remote offices. Difficulties arise from challenge of managing staff at a distance including time and language differences. Other issues include financial risks due to currency differences, local laws and requirement to tailor product and services to local needs.

Outsourced Services – One option for associations when entering and serving a given market is to use the services of Association Management Companies (AMC's) or Consultants. Today, AMC's exist in Europe, Latin America, the Middle East, India, China, Japan, Australia and South Africa.

Most AMC's offer a wide range of services that can be used to manage one or more aspects of an association for a specific market. Because AMC's manage multiple association clients, they often have a depth of staff and resources that exceeds what an individual association could afford for a new, international market. The negative side of this coin is that AMC staff have multiple client mandates to juggle unless the associations is paying for 100% dedicated staff.

One of the greatest advantages of using the AMC for the association is that it gives you access to qualified staff on contract, as opposed to having to deal with local employment regulations. It also gives you greater flexibility to scale resources as needed.

> **Pro** – Access to dedicated and specialized resources on contract
> **Con** – Lack of direct control or management of your contracted staff

For-Profit Subsidiaries – In some parts of the world (like the Russian Federation or China), it is very difficult to establish a typical not-for-profit association. In other cases, a not-for-profit structure might not be the most efficient business structure for what you are trying to achieve.

One alternative that associations should consider in these cases is the formation of a wholly owned for-profit subsidiary company. The most obvious negative aspect is that there is no income tax relief (and profits may cause an issue for the not for profit status in the US). However, this can usually be managed by establishing the subsidiary in favorable tax jurisdictions.

The greatest advantages of this approach include the fact that it is a very easy structure to establish and that the association retains clear and complete control over the subsidiary.

> **Pro** – Easy to establish and complete control
> **Con** – Subject to income tax on profits

Conclusions

As associations confront the many issues posed by globalization they will be forced to ask themselves critical questions about their future. Staff and volunteers will need to work together closely to define their future and to make the changes needed to succeed.

Associations are so diverse and operate under conditions and in environments that are so significantly different from one another that it is impossible to suggest a "one-size fits all" solution to international development. Yet, it is hard to identify an association or organization that is not affected, in some significant manner, by globalization.

The question for association leaders, managers, staff and their stakeholders is; How will they interpret the changes taking place, correctly identify the implications and then decide a course of action that successfully navigates these changes?

The purpose of this paper is to capture the current state of affairs regarding international association management and to help associations to ask the right questions so that they may develop an informed and appropriate strategy.

It is based on original research, case studies as well as the author's observations and extensive experience from more than 25 years in the management of international trade and professional associations. It is also shaped by the contributions of numerous professionals in the association community that have offered their valuable views and insights.

Feel free to use this paper in your organization as a reference document that stimulates meaningful discussion, guiding both staff and volunteer leaders.

Your comments and feedback are welcomed,

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Terrance Barkan CAE,
Founder, Chief Strategist & Business Architect
GLOBAL**STRAT** llc

For more than 25 years, Terrance Barkan has been building international trade and professional associations on a global basis. His international management career has taken him to more than 60 countries on 6 continents around the world on association strategy development projects serving as the Executive Director for a number of global and multinational organizations.

As a Certified Association Executive (CAE), Mr. Barkan has been a prolific author of articles, guidelines and white papers on international association growth strategies. He has served as the Chair of the International Section Council for the American Society for Association Executives' (ASAE) and is a former member of the Board of the European Society of Association Executives.

He was selected by the Center for International Private Enterprise (CIPE) as the sole author of their new guidebook, "Business Associations for the 21st Century". The book will be used as a reference guide for CIPE employees that are working in post-conflict countries around the world to establish democratic business associations. CIPE is funded by the US Agency for International Development (USAID) and the US Chamber of Commerce.

Mr. Barkan has also developed important, original research on how associations are approaching globalization, which business models to use and how to overcome common obstacles in new, international markets.

In 2009, Mr. Barkan founded GLOBALSTRAT, a specialized consulting practice that uses a proven, process management approach to developing international strategic business plans for associations.

GLOBALSTRAT helps organizations to grow internationally by developing well thought-out strategic business plans. In addition to custom consulting projects, GLOBALSTRAT hosts global growth strategy workshops, webinars and publishes a newsletter in addition to conducting original research.

We apply our collective experience, knowledge, skill, judgment, creativity, intellect and collaborative approach to solve complex client problems. GLOBALSTRAT provides the kind of advice organizations need today to succeed and grow tomorrow.

Want to learn more? Contact us for more information.

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GLOBALSTRAT   is the leading independent provider of professional advisory services for the not-for-profit community on the subjects of International Strategy Development and the application of Social Media. Terrance Barkan CAE is the Chief Strategist and Business Architect for GLOBALSTRAT, applying more than 25 years of business and international not-for-profit experience in crafting solutions to complex problems.

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LEGAL

The International Center for Not-for-Profit Law, the ICNL (http://www.icnl.org), is a global organistion dedicated to the promotion of a legal environment that strengthens civil society, advances the freedoms of association and assembly, fosters philanthropy, and enables public participation around the world. It maintains a comprehensive NGO (non-governmental organization) Law Monitor service by country that can be used to get updates and important changes that affect the non-profit sector (http://www.icnl.org/research/monitor/index.html).

EMERGING ECONOMES

Center for International Private Enterprise (CIPE) - http://www.cipe.org

The Center for International Private Enterprise (CIPE) strengthens democracy around the globe through private enterprise and market-oriented reform. CIPE is one of the four core institutes of the National Endowment for Democracy and an affiliate of the U.S. Chamber of Commerce. Since 1983, CIPE has worked with business leaders, policymakers, and journalists to build the civic institutions vital to a democratic society. CIPE's key program areas include enterprise ecosystems, business advocacy, democratic governance, and anti-corruption & ethics.

"Business Associations for the 21st Century" Authored by Terrance Barkan CAE is published by CIPE - The Center for International Private Enterprise, and is used as their handbook in emerging market economies.

It can be downloaded directly at: http://bit.ly/CIPEhandbook

INTERNATIONAL DEVELOPMENT

Society for International Development - https://www.sidw.org/about-sid

The Society for International Development (SID) is an international network founded in 1957 to serve as a global forum dedicated to sustainable economic, social and political development. Member organizations and individuals are uniquely positioned to inform and promote more inclusive, equitable, and sustainable international development through more than 30 chapters and 3,000 members in more than 50 countries.

INTERNATIONAL BENCHMARKING

2016 Global Association Trends Survey Report - Results from more than 340 association participants on how their organizations approach international growth.

PDF File: http://bit.ly/GlobalSurvey2016

CHINA

Chinese official "Supervisory Agencies" approved for partnership under the China NGO Law - This is a list of the Ministries that are required and approved partners for associations with activities in China. The law is in effect as of 1 January 2017 - http://bit.ly/ChinaNGOList

China Membership and Certifications white paper and report. Learn how the Chinese market differs greatly regarding how they view certification versus membership. bit.ly/ChinaAssoc

EUROPEAN UNION

European Union (EU) Data Protection Regulation - This link grants you access to a recording of our most recent webinar on this subject (January 2017) - http://bit.ly/GDPRwebinar

UNITED NATIONS

The **United Nations (UN)** maintains an extensive database and source of global statistics that may be relevant to your association or sector, especially when conducting market research.

http://data.un.org

CIA WORLD FACTBOOK

The CIA maintains the **World Factbook** and provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 267 world entities.

https://www.cia.gov/library/publications/the-world-factbook/

Afghanistan - Kabul

Albania - Tirane

Algeria - Algiers

Andorra - Andorra la Vella

Angola - Luanda

Antigua and Barbuda - Saint John's

Argentina - Buenos Aires

Armenia - Yerevan

Australia - Canberra

Austria - Vienna

Azerbaijan - Baku

The Bahamas - Nassau

Bahrain - Manama

Bangladesh - Dhaka

Barbados - Bridgetown

Belarus - Minsk

Belgium - Brussels

Belize - Belmopan

Benin - Porto-Novo

Bhutan - Thimphu

Bolivia - La Paz

Bosnia and Herzegovina - Sarajevo

Botswana - Gaborone

Brazil - Brasilia

Brunei - Bandar Seri Begawan

Bulgaria - Sofia

Burkina Faso - Ouagadougou

Burundi - Bujumbura

Cambodia - Phnom Penh

Cameroon - Yaounde

Canada - Ottawa

Cape Verde - Praia

Central African Republic - Bangui

Chad - N'Djamena

Chile - Santiago

China - Beijing

Colombia - Bogota

Comoros - Moroni

Congo, Republic of the – Brazzaville

Congo, Democratic Republic of the - Kinshasa

Costa Rica - San Jose

Cote d'Ivoire - Abidjan (de facto)

Croatia - Zagreb

Cuba - Havana

Cyprus - Nicosia

Czech Republic - Prague

Denmark - Copenhagen

Djibouti - Djibouti

Dominica - Roseau

Dominican Republic - Santo Domingo

East Timor (Timor-Leste) - Dili

Ecuador - Quito

Egypt - Cairo

El Salvador - San Salvador

Equatorial Guinea - Malabo

Eritrea - Asmara

Estonia - Tallinn

Ethiopia - Addis Ababa

Fiji - Suva

Finland - Helsinki

France - Paris

Gabon - Libreville

The Gambia - Banjul

Georgia - Tbilisi

Germany - Berlin

Ghana - Accra

Greece - Athens

Grenada - Saint George's

Guatemala - Guatemala City

Guinea - Conakry

Guinea-Bissau - Bissau

Guyana - Georgetown

Haiti - Port-au-Prince

Honduras - Tegucigalpa

Hungary - Budapest

Iceland - Reykjavik

India - New Delhi

Indonesia - Jakarta

Iran - Tehran

Iraq - Baghdad

Ireland - Dublin

Israel - Jerusalem

Italy - Rome

Jamaica - Kingston

Japan - Tokyo

Jordan - Amman

Kazakhstan - Astana

Kenya - Nairobi

Kiribati - Tarawa Atoll

Korea, North - Pyongyang

Korea, South - Seoul

Kosovo - Pristina

Kuwait - Kuwait City

Kyrgyzstan - Bishkek

Laos - Vientiane

Latvia - Riga

Lebanon - Beirut

Lesotho - Maseru

Liberia - Monrovia

Libya - Tripoli

Liechtenstein - Vaduz

Lithuania - Vilnius

Luxembourg - Luxembourg

Macedonia - Skopje

Madagascar - Antananarivo

Malawi - Lilongwe

Malaysia - Kuala Lumpur

Maldives - Male

Mali - Bamako

Malta - Valletta

Marshall Islands - Majuro

Mauritania - Nouakchott

Mauritius - Port Louis

Mexico - Mexico City

Micronesia, Federated States of - Palikir

Moldova - Chisinau

Monaco - Monaco

Mongolia - Ulaanbaatar

Montenegro - Podgorica

Morocco - Rabat

Mozambique - Maputo

Myanmar (Burma) - Rangoon (Yangon)

Namibia - Windhoek

Nauru - no official capital;

Nepal - Kathmandu

Netherlands – Amsterdam

New Zealand - Wellington

Nicaragua - Managua

Niger - Niamey

Nigeria - Abuja

Norway - Oslo

Oman - Muscat

Pakistan - Islamabad

Palau - Melekeok

Panama - Panama City

Papua New Guinea - Port Moresby

Paraguay - Asuncion

Peru - Lima

Philippines - Manila

Poland - Warsaw

Portugal - Lisbon

Qatar - Doha

Romania - Bucharest

Russia - Moscow

Rwanda - Kigali

Saint Kitts and Nevis - Basseterre

Saint Lucia - Castries

Saint Vincent and the Grenadines - Kingstown

Samoa - Apia

San Marino - San Marino

Sao Tome and Principe - Sao Tome

Saudi Arabia - Riyadh

Senegal - Dakar

Serbia - Belgrade

Seychelles - Victoria

Sierra Leone - Freetown

Singapore - Singapore

Slovakia - Bratislava

Slovenia - Ljubljana

Solomon Islands - Honiara

Somalia - Mogadishu

South Africa - Pretoria

South Sudan - Juba (Relocating to Ramciel)

Spain - Madrid

Sri Lanka - Colombo

Sudan - Khartoum

Suriname - Paramaribo

Swaziland - Mbabane

Sweden - Stockholm

Switzerland - Bern

Syria - Damascus

Taiwan - Taipei

Tajikistan - Dushanbe

Tanzania - Dar es Salaam

Thailand - Bangkok

Togo - Lome

Tonga - Nuku'alofa

Trinidad and Tobago - Port-of-Spain

Tunisia - Tunis

Turkey - Ankara

Turkmenistan - Ashgabat

Tuvalu - Vaiaku village, Funafuti province

Uganda - Kampala

Ukraine - Kyiv

United Arab Emirates - Abu Dhabi

United Kingdom - London

United States of America - Washington D.C.

Uruguay - Montevideo

Uzbekistan - Tashkent

Vanuatu - Port-Vila

Vatican City (Holy See) - Vatican City

Venezuela - Caracas

Vietnam - Hanoi

Yemen - Sanaa

Zambia - Lusaka

Zimbabwe – Harare

In addition to the countries listed above, there are more than sixty (60) Territories, Colonies, and Dependencies of independent countries.