

COMPETITION AMONG ASSOCIATIONS

In recent years, structural changes in several industries forced associations and unions to adapt to new regulations as well as members' needs. Especially the trade union market, responding to changes in labour laws in Western economies, was one of the front runners to adopt new strategies for survival and relevance. However, increasingly also other not-for-profit organisations, including many professional associations, are facing a new era of stiff competition when it comes to satisfying member needs, remaining at the forefront of content creation and development and responding to global challenges.



**CHRISTOPH
RAUDONAT**

Among others, such challenges include the creation of meaningful content across national borders, responding to needs in a timely manner and dealing with generational and demographic challenges within an organisation's membership. In other words, how should associations aim to remain purposefully relevant to an older demographic while at the same time attempting to inspire and attract Millennials as the next generation of up-and-coming leaders? This article will attempt to highlight a few of the current and future challenges and more closely discuss the not very well-known topic of competition within the not-for-profit sector.

Current trends for professional associations' adaptive mechanisms highlight the need for leaders and boards to manage the tension between offering traditional 'benefits' while responding to the changing needs of a changing demographic, offering specialised services against additional fees, for example. We see that a diversification in, say, educational offerings creates competition between associations in related fields, but also towards professional enterprises offering similar content. Product market competition has not been widely discussed in the past and addresses several hot questions in association management: 1) how to tackle increased competition due to increased diversification to attract a greater target audience?, 2) how to utilise the resulting increased market segmentation, which in fact might dampen competition?, 3) how to address global changes to one's industry as these may prompt collaboration for reasons of common interest, for example, further decreasing competitive pressure and creating 'win-win' scenarios for all involved? These are but a few of the questions to address. Furthermore, competition between associations may have historical roots as well in that their competitive dynamics may well be a result of their relationship over time. Last but not least, product market competition has been found to shift an

association's identity from a traditional collective body towards a more business-like identity. Responding to the needs of modern professionals, engaging at their level, across generations, requires adaptation towards these demographics and content development appropriate for each membership segment.

True competition among associations, it would appear, arises predominantly when targeting an industry as a whole, or at least large chunks of it. Fighting for dominance in a particular market or market segment will require each competitor to carefully assess market entry, plan their strategy and position themselves as a relevant player in terms of content development and membership services. It is here where outdated management practices force associations out of the market and make way for new, nimbler models.

In some cases, changes in industry regulations have facilitated, indeed necessitated, competitors to rethink their positions and unite their approach for the greater good of their target audience. One such example is the unification of Chartered Accountant accreditations in Canada. Former designations of CA, CMA, CGA, etc. were merged and became CPA over a time frame

that took nearly five years to complete. Organisations offering such designations faced a changing business environment where the law necessitated a simplification and had to adapt accordingly.

Looking at M&A trends within the association market, it makes clear that the line between competition and collaboration is not often very clear cut. As mentioned before, there may be historical elements involved that define a competitive situation and the not-for-profit sector may in some cases indeed look at mergers from the point of view of 'inheriting each other's strengths'. Where mergers happen to save resources and improve potential bottom-line results, the background and reason why an association was established in the first place will continue to dictate the strategic direction of the organisation. Members' rights to actively participate in the shaping of the organisation influence organisational behaviour stronger in the not-for-profit market and these market forces will continue to be a major driving force, even if decision-making processes appear slower at times compared to the for-profit sector.

Necessary, however, is the need for highly educated staff. Competitive situations require innovative solutions and flexibility from the decision makers to 1) act

in the interest of the organisation but 2) do so in an informed way, foreseeing potential pitfalls, leading with care and professionalism, anticipating future needs of the organisation and its members.

In this light, it becomes clear that the market in which associations operate is intrinsically interconnected. As we see 'Association Hubs' growing in various destinations around the world, it is exactly these destinations that aim for a collaborative approach with associations to gain a level of competitive advantage over other destinations to attract a lucrative market. This is the space where competition and collaboration go hand-in-hand to potentially create best practice and win-win situations for all involved. As associations become more knowledgeable and sensitised to working with destinations and their partners at a more strategic level, internal market segmentation can thus create centres of excellence focusing on specific thematic areas. Whilst, say, in the area of cancer research associations may decide to focus on niches within the greater thematic subject-matter, thereby eliminating a level of competition between them, they may – at the same time – work strategically with destination partners around the world to diversify together geographically across regions and even globally. This may result in the creation of centralised services to a certain

extent, where appropriate and useful. And such models may serve a greater multitude of clients and possibly instil greater cohesion within selected industries.

Product market competition is and will be a real challenge for associations, at least in the short run, as associations learn to respond to faster changes in their environments, necessitating greater flexibility and innovative forms of management. The important element to cover, however, lies in the mid- to long-run, where market needs will be dictated by legislative regulations and customer requirements. An association that more or less successfully manages to cover an entire market but perhaps not all aspects of it, will either make way to an association that can, or niche organisations filling in the gaps where customers and members demand. There is a thought left to spare to aim at being continuously forward-looking in our respective industry environments and perhaps rather seek out strategic alliances than a competitive environment that may ultimately become too exclusive.

This article was provided by the International Association of Professional Congress Organisers, author CHRISTOPH RAUDONAT, Business Development & Association Director, International Conference Services Ltd, on behalf of IAPCO Vice President, Mathias Posch, IAPCO represents today 120 companies comprised of over 5000 professional congress organisers, meeting planners and managers of international and national congresses, conventions and special events from 41 countries

INFO@IAPCO.ORG
WWW.IAPCO.ORG

