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What's the key to a successful association? Value

Must have purpose, common goal before hiring staff, recruiting

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Are you thinking about starting an association and wondering if it's a good idea and how to go about it?

People who decide to create an association come together for the purpose of uniting around a common industry, profession or cause, said John Graham IV, president and chief executive officer of the American Society of Association Executives, or ASAE.

Deciding what kind of association you want is critical to success. There are as many kinds of associations as there are industries, including business and trade associations, medical associations and even philanthropic associations.

Associations are also formed to enhance professions or industries through regulation and legislation, Graham said, or in many cases to set industry standards. "Many standards are decided by associations, who are studying those standards in terms of best practices," he said. "So standard-setting is huge."

And many associations begin as informal coalitions, coming together to mount a campaign for or against an issue. These issue-oriented associations tend to grow into more formal associations as more people become involved and the coalition grows.

In some cases, an association can get too large and then subspecialties of the association can form. "When the group becomes too large and people can't really network effectively, they form splinter groups around a subdiscipline within a discipline," Graham said.

National associations can also splinter into geographic subgroups. The California Society of Association Executives is part of the ASAE. It formed out of independent groups, said Jim Anderson, president and CEO of CalSAE.

"A predecessor to CSAE was formed in 1987, and that organization went through a merger in 2002 because there were multiple independent societies scattered throughout the state," he said. "CalSAE was the name given to the merged organization."

And the California State Wireless Association, one of the state's newest groups, was formed at the behest of a national wireless association after several smaller attempts that didn't take off.

"It's a little bit unusual," CalWA vice president Robert Jystad said. "There's a national association that decided it would be a good idea to form state level organizations, and it embarked on a fairly aggressive campaign to do so. A couple of us were approached by them to see if we were interested, and from our perspective it was an association that was long overdue."

The group's board of directors worked for six months to get the association started, and CalWA had its first event in February 2007.

The Long Beach-based association now has more than 500 members and has kept marketing to a minimum, getting the word out through its Web site, e-mail blasts and events.

"We haven't done much marketing, which in a way shows how great the demand is for this organization," Jystad said. "California can be a very difficult place for deploying wireless networks. Many in the industry have experienced those challenges and recognize the value of a united approach."

Staffing up?

For those contemplating the creation of an association, the first step is usually registering with the state. "Even national organizations are registered in some state, typically where they were formed," Graham said. While different states have different laws surrounding the formation of a nonprofit organization, most states will specify what a new association will need as a minimum to start, such as a board of directors, officers and the specific business the association will be conducting.

"Then you take that same filing and apply to the IRS," Graham said. The IRS paperwork will go into nonprofit, charity or regular business status, outlining the regulations for tax-exempt status.

There are more than 2 million tax-exempt organizations and associations in the country today, Graham said, and most are run by volunteers. For associations just starting out, volunteers can provide the needed lift to get the entity off the ground.

"They will typically hire people to run the organization or contract with association management companies that run multiple smaller associations," he said. "Once they get to around \$1 million in revenue, they will start hiring staff." Fifty percent of ASAE's members have five or fewer staff, for example.

But associations account for almost 94,000 jobs in California, according to a 2006 report from the U.S. Bureau of Labor Statistics. While that's only 0.7 percent of total employment in the state, association jobs tend to pay better than the average private-sector wage. In 2006, the average private-sector wage was \$42,405, while the average business or professional association job paid \$58,465, according to ASAE.

CalWA will need to look at hiring staff to achieve its goals, Jystad said. The group has been board-driven so far he said, led by a number of people who are active in the industry.

Where to go

The location of the association can still be important, Graham said, but with the evolution of transportation and technology, a headquarters location is less of an issue.

"A hundred years ago, you had to associate with the people in your community or town because you didn't have the transportation systems or the technology systems that would enable you to do it in any other way," he said.

Still, location can play some governing role. "If an association is interested in state regulations and state government, they will probably be domiciled near the state capital. If they're more interested in federal legislation, they are more likely to be domiciled in Washington, D.C.

"You might be a state association in California, and you might be domiciled in Los Angeles ... but if you are going to be effective in working the legislature in California, you're going to have to have a presence in Sacramento."

CalWA doesn't have an office in Sacramento at this stage, but it has been in contact with some legislators and with people in San Francisco.

"At this point I wouldn't say we're a full-fledged lobbying organization. The goal is to have an effective presence in California and to have the people in Sacramento know who we are," Jystad said.

The association also added two board members from Northern California, Matt Yergovich and Lauren Go.

While the advent of transportation, communication, and technological advances has dramatically changed the way associations operate, Graham pointed out that all associations, old or new, have to be aware of their value proposition.

"Years ago, associations were successful because they had information, and people had to join the association to get it. That was the value proposition." But in today's era of Internet and free information, people don't have to join organizations to have free access to that information.

"Associations are in the information business, so associations have to figure out their value proposition and how they can package that information to create value," Graham said. "If you create something of value, people will pay for it."

He added, "Associations are voluntary, and people walk with their feet. If they don't like what you're doing, or they don't find value, they'll go someplace else."

The wireless association has added value for its members by combining its educational components with charity work. The group is the platinum sponsor for the Red Cross' Disaster Preparedness Academy, and supported that organization during the Southern California wildfires last summer.

In May, the group hosted a seminar and charity golf tournament near San Ramon, where they discussed the changing legal landscape of wireless in California and held a golf tournament to support the Red Cross.

"We're beginning to establish ourselves within the industry as an association that has real potential," Jystad said. "We've got big plans."