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ASSOCIATIONS INNOVATE: THE JOURNEY FROM INTENT TO ACTION

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RESEARCH. LEADERSHIP. INNOVATION.

Introduction

When association leaders commit to fostering innovation in their associations, they establish the organizational capacity to adapt to change.

Pursuing innovation efforts with a clear and organized strategy and a healthy tolerance for risk lays a foundation for the continued growth and sustained relevance of an association. However, while most members of the association community understand the importance of innovation, many still struggle to transfer intent into action. Association leaders are facing challenges when it comes to how to best develop the capabilities and practices needed to achieve innovation success.

Innovation begins with a strategic vision shaped by an association board, and an organizationwide culture of innovation fostered by the association's executive leadership. To move this vision forward, successful innovators create processes and infrastructure to develop their organization's innovation capabilities. Common culture, language, and metrics give leaders, staff, and members the tools to build innovation capabilities in their associations. Results from the ASAE Foundation's *Innovation in Associations* study revealed that associations have many opportunities to create innovation success.

The ASAE Foundation initiated the *Innovation in Associations* research in the spring of 2016. The study sought to investigate how associations currently innovate given their unique characteristics and challenges. The research also aimed to identify capabilities and elements of culture that enable associations to more effectively foster innovation. The broader objective of the project was to gain baseline measures on behaviors, strategies, and practices that allow associations to continuously monitor, evaluate, and learn from their shared innovation experience over time, and to identify effective practices in innovation management.

The research project had three specific objectives:

- Develop an understanding of associations' innovation focus and innovative behavior—and the impact that their focus and behaviors have on innovation success.
- Develop an understanding of associations' innovation strategies and practices (particularly with regard to risk averseness and changing volunteer leadership) and their impact on innovation success.
- Propose a set of guidelines and recommendations for associations to enhance their ability to nurture innovation within the organization and among their members and industry.

These objectives were pursued using a multiphase, multimethod research design.[1] The first phase included interviews with select senior-level association executives to explore how associations are currently practicing innovation and to identify the broader challenges that associations face in successfully pursuing innovation. The second phase included a survey of trade and professional associations to characterize innovative behavior (i.e., scope, focus, culture, and capabilities) and define its impact on innovation success. The third phase was comprised of focus groups with select senior-level association executives. The focus groups were intended to lead to the creation of a preliminary set of guidelines and recommendations for the association community. This was accomplished through discussions on innovation scope and focus, culture and capabilities, and the role of management and leadership, in which participants identified innovation strategies and practices and the role of association leadership in promoting innovative practices. The findings from the analysis of the quantitative and qualitative findings of these three phases of research are presented in this report, concluding with recommendations to help associations gradually enhance innovative behavior and nurture innovation among members and industries.

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[1] For a description of the study's research design, see Appendix A

Key Takeaways

Defining Goals and Expanding Scope and Focus Improve Chances for Success

Defining what innovation means for the organization is a critical first step for association leaders. This definition can be used to establish goals and establish metrics to work towards them. This step can bridge the gap between having an intent to innovate and taking action to do so. The use of innovation success metrics, in particular, was identified as a potential growth area, one that association leaders would do well to pay attention to, as data showed a positive correlation between higher mean score on innovation metrics usage and innovation success.

Regarding innovation scope, research participants generally agreed that while their associations were doing well with starting innovation activities, their organizations would benefit from more variety in those activities. Many associations, they said, place too much focus on new programs, products, and services. Areas of opportunity to expand innovation focus included markets, operations, channels, and more. In regard to focus, participants said that their associations focused more on external-member innovation than on internal or external-industry innovation. This suggests that association leaders may find untapped opportunities for partnerships with businesses and other entities.

Innovation Culture and Innovation Capabilities are Equally Important

Associations can promote a coherent, organizationwide innovation culture—one that provides a common language on innovation and emphasizes tolerance for ambiguity, freedom to fail, idea experimentation, and a bias for action. Many associations still lack these foundational elements of innovation culture—for example, only 18 percent of survey respondents reported that their association had developed a common language on innovation. Equally important to associations are innovation capabilities. Research participants noted that they observed a trend of associations focusing more on culture than capabilities, where a balance between the two would be more desirable. Associations can instead acknowledge the importance of establishing a culture that creates the right environment for innovation, as well as developing the right set of tools to create sustainable innovation capabilities. When asked if their associations had mature processes and infrastructure, only 35 percent of respondents ranked their organizations highly (four or more on a scale of one to five).

To develop and maintain an appropriate portfolio of innovation capabilities, research findings suggest that associations create innovation processes and innovation infrastructure that focus on risk management, collaboration with members, and innovation path. Associations may want to adopt incentives in the form of a diverse portfolio of rewards and recognition systems for departments, staff, executives, and members. Research findings strongly suggest that associations develop a data-oriented culture that emphasizes collecting information in areas such as markets and competition, industry trends, member expectations, innovation processes and stages, and innovation outcomes and impact. Disciplined use of data in innovation decision-making at all levels is important for innovation success in associations. Association executives can promote a data-driven culture by developing a set of organizationwide metrics that can be used across projects, and which take into account different stages and the range of possible outcomes. Research participants agreed that their associations could do more to measure innovation success.

Vision and Leadership Build and Sustain Innovation

To steer an association onto a path to innovation, both executive and board leadership must begin with a vision. Associations can do this by adopting a strategic perspective when pursuing innovation—one that helps associations look beyond passing fads and instead view innovation as the primary vehicle to address existential challenges as well as emerging market opportunities. Senior association executives, especially the CEO, are responsible for developing and engaging with the board on the vision for the future, and for connecting the big picture to innovation goals and projects.

Association leaders are integral to promoting an appropriate innovation culture and to building a portfolio of innovation capabilities. They can guide their association toward adopting a more open and collaborative approach toward innovation—one that places greater emphasis on getting other voices in the innovation conversation. Staff, members, and external partners can be included by employing methods such as crowd-based idea generation techniques and design-thinking practices. Association leaders intent on innovation are also likely to benefit from broadening their innovation scope and focus by being open to a wider range of innovation activities, and seeking out partnerships that can expand their innovation impact.

Association innovation programs are active.

Almost all survey participants said their organization had started an innovation activity in the last year, and most had also implemented one. Results showed multiple areas of opportunity to expand innovation efforts, including broadening the scope and focus of such efforts and implementing effective innovation success metrics. Generally, respondents indicated that their associations would benefit from more discipline and maturity in the innovation process.

Associations have been more interested in innovation in recent years and have implemented innovation practices to varying degrees. The process of innovation continues to be important to association leaders, however, research shows that many associations could benefit from more effective innovation processes.

In the interviews and focus groups, innovation was often depicted as the vehicle to adapt to change or to be proactive about external changes. Participants noted that innovation ensures continued growth for associations that are doing well and continued relevance for those facing market challenges. Associations have a lifecycle of their own, and innovation is a way to either extend that lifecycle or facilitate renewal.

More and more members of the association community have started to acknowledge the significance of innovation, even if the actual practice of innovation is found lacking in some places. The majority of survey respondents said that their association does practice innovation and does so on a regular basis. In fact, 95 percent of respondents said that their association had pursued some sort of innovation project[2] in the three-year period between 2014 and 2016. The mean number of projects initiated or pursued was 10.2, while the mean number of innovations implemented was 8.1. Some study participants believed that associations overall have adopted a clear focus on innovation and made considerable gains in this area in the past five to eight years. Many others, however, said that associations lack ambition, focus, and discipline in innovation initiatives, and have made limited efforts at developing specific innovation capabilities.

Many participants noted that resistance to change and excessive risk aversion in prominent stakeholders in associations could stand in the way of innovation. When leaders cling to certain longstanding programs or practices or develop a false sense of arrogance based on past success, these attitudes can inhibit the success of innovation

[2] In the survey, an innovation project was defined as the set of activities associated with the development and implementation of innovative ideas or solutions to internal or external problems. Such innovative ideas or solutions may be major or minor and may relate to one or more of the following ten ways of value creation: products/programs/offerings, business models, market segments, member experiences, internal operations/processes, organizational structure, external sourcing, partnerships/alliances, distribution channels, marketing/branding. Please note that this includes both minor or incremental innovation as well as major or radical/disruptive innovation.

initiatives. Further, many participants felt that, overall, associations have adopted a relatively siloed approach to innovation—one that is limited to specific caucuses in the organization rather than spread organizationwide.

More broadly, study participants felt that there is more consensus on the need for innovation than on how to make innovation happen. As one interviewee noted, there is a critical need to develop a "collective consciousness of innovation" in the association community.

Innovation Scope

Many interview and focus group participants felt that associations place undue emphasis on developing new programs, products, and services, often at the cost of innovating on other fronts. In our survey, we asked the respondents to rate the extent to which their association engaged in the nine different types of innovation listed in Exhibit 1. As Figure 1 indicates, the mean score for respondents was highest for innovation on programs, products, and services (grouped together as offerings), at 3.89 out of 5, with a significant majority of 68 percent indicating that they innovate to a considerable or great extent (i.e., a score of 4 or 5).

exibhit 1

INNOVATION SCOPE INSTRUMENT

Source: Innovation in Associations Study

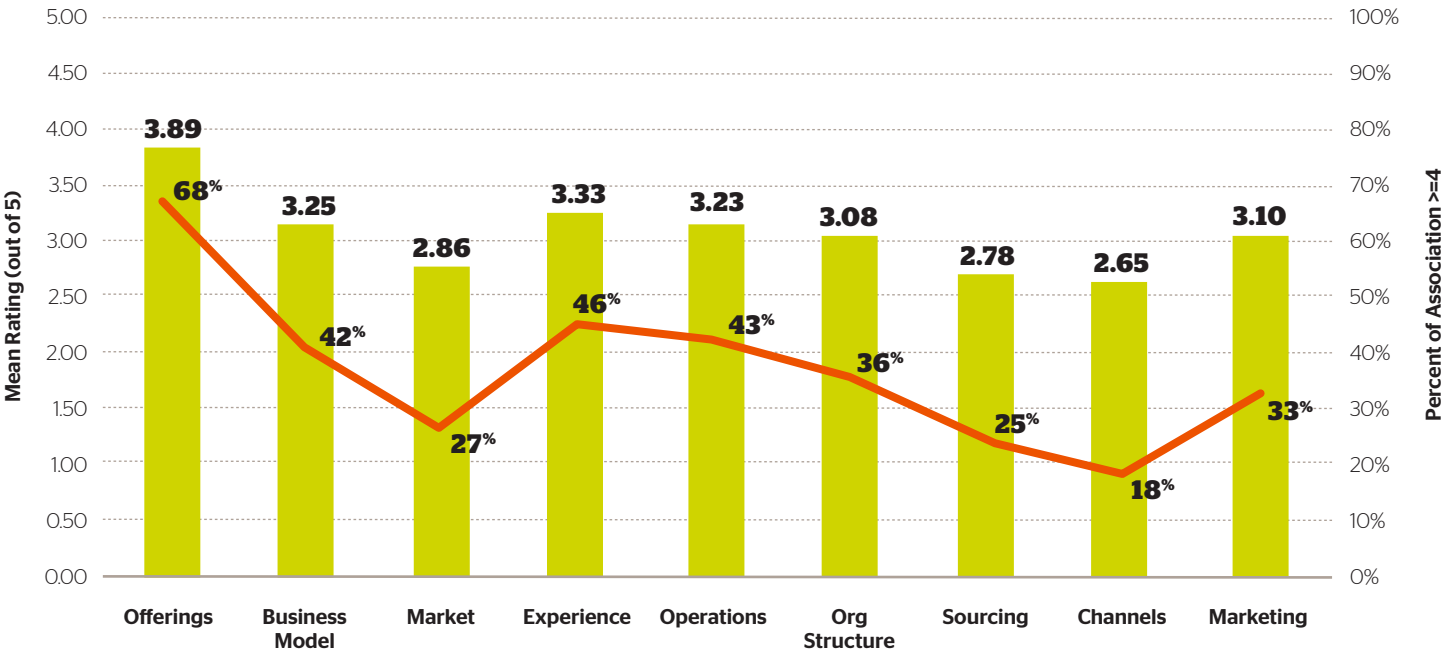
Particpants were asked, "To what extent (during the 2014-2016 timeframe) does your association engage or has your association engaged in the following activities?" Respondents rated their association on a five point scale, with one being "not at all," two "to a small extent," three "to a moderate extent," four "to a considerable extent," and five "to a great extent."

Developing new or redesigning existing offerings (e.g., programs, products, services)
Developing/redesigning the association business model (e.g., new revenue streams)
Developing new markets/market segments for your offerings
Developing new or redesigning member experiences (e.g., new ways of interacting with members)
Developing new operational systems/processes
Redesigning the organization structure/creating new divisions, department roles, etc.
Developing new external sourcing arrangements (with suppliers/service providers)
Developing new distribution channels for your offerings
Developing new marketing methods/mechanisms and brand innovation (e.g., co-branding)

figure 1

SCOPE OF INNOVATION EFFORTS

Source: Innovation in Associations Study



While some of the other innovation areas, such as operations and member experience, also showed relatively higher mean scores, the survey findings indicate considerably more opportunities for association innovation in other areas. For example, innovation on markets and channels received relatively low mean scores. Similarly, more than half of the respondents rated themselves 3 or below on business model innovation and experience innovation, indicating that their organizations focus on those areas only to a moderate or small extent. In another survey question, respondents were asked to indicate the proportion of innovation projects pursued in the past three years in each innovation category. A considerable majority (45 percent) of the projects fit into the programs, products, and services category. Subjects reported fewer projects in areas such as innovation in operations (26 percent), business models (21 percent), and others (3 percent).

Participants in both the interview study and the focus group said that associations do not undertake enough business model innovation. Association leaders intent on ensuring the continued relevance of their organization in a changing marketplace will likely benefit from dedicating significant time to examining, critiquing, and redefining business models. As one participant noted, "What is the point of developing more and more new programs if there are critical questions regarding the relevance of the existing member base?"

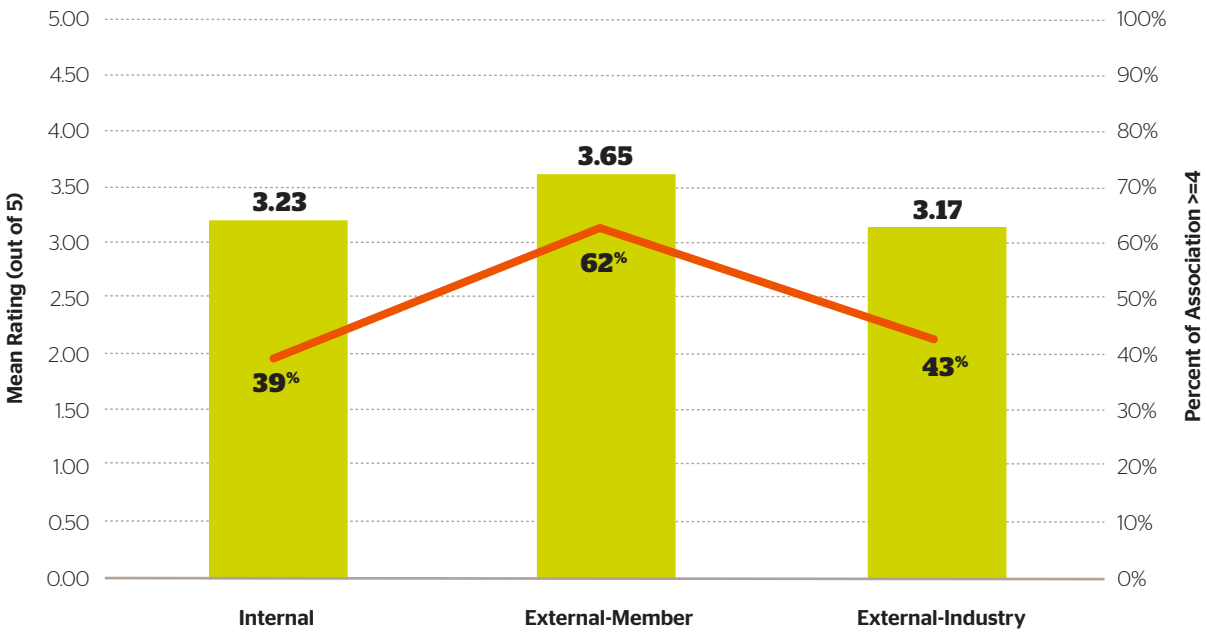
Innovation Focus

Survey respondents answered questions about the focus of innovation in their associations and how much emphasis they placed on each of these areas: internal innovation, external-member innovation, and external-industry innovation. Survey results in Figure 2 show greater emphasis on external-member innovation, which earned a mean score of 3.65. Indeed, a majority (62 percent) of respondents rated their associations 4 or higher on external-member innovation. In comparison, 39 percent rated their associations 4 or higher for internal innovation, and 43 percent for external-industry.

figure 2

FOCUS OF INNOVATION EFFORTS

Source: Innovation in Associations Study



At the same time, the survey data also showed relatively high correlation among the three dimensions. This indicates that, at least in this study sample, those associations working on innovation programs do not necessarily differentiate among the three types of innovation in a consistent and statistically significant manner. Additionally, not all efforts fall neatly into categories. As some focus group participants noted, many new initiatives can be viewed as both internal and external-member innovation depending on the association goals.

Survey results also indicated that associations seem to pursue minor, incremental innovation at a higher rate than major, radical innovation (51 and 43 percent, respectively). Several interview participants expressed strong feelings regarding this apparent imbalance. They noted that associations need to be bolder and pursue more breakthrough or big ideas. One participant noted that in the association community, it is "rare to find innovations that make major leaps forward."

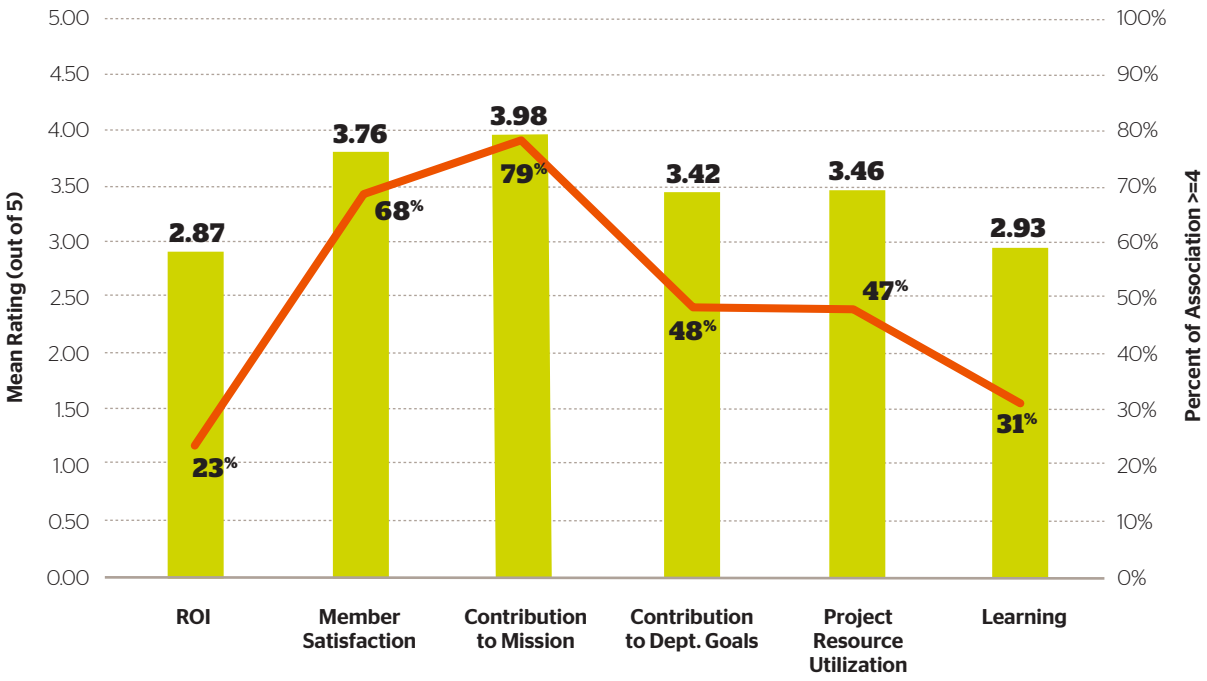
Innovation Success Metrics

Research participants generally agreed that associations do not do a good enough job of measuring innovation success. For example, many said that the common practice of using member satisfaction surveys to evaluate innovation success was too limiting and not insightful enough. Survey findings partly support this contention. As the chart in Figure 3 shows, contribution to mission is the most used success metric at 3.98, followed closely by member satisfaction at 3.76. However, other potentially relevant metrics, like return on investment and learning achieved, are used much less frequently (2.87 and 2.93 respectively).

figure 3

USE OF INNOVATION SUCCESS METRICS

Source: Innovation in Associations Study



Respondents also noted that, even when other metrics are used in associations, if people are not using the same metrics consistently across the organization, it is difficult to compare project success across different parts of the organization and across time.

Participants perceived that associations lack a culture of accountability when it comes to innovation, particularly in instances where innovation crosses departmental and functional boundaries. Respondents largely agreed that if association leaders bring more consistency and discipline to the process of innovation evaluation, from idea generation to execution, and work at making innovation to be more inter-functional or inter-divisional, they could see more innovation success. To do this, associations could use a portfolio of innovation success metrics that is explicitly tied to association mission or long-term goals.

Survey respondents also evaluated the success of their innovation projects in the past three years. Results showed a mean score for innovation success of 3.32 out of 5, with only 41 percent of respondents rating themselves 4 and above. Analysis of the survey data also showed a positive correlation between higher mean score on innovation metrics usage and innovation success. That data seems to support the importance of the extensive use of success metrics. A key challenge cited by interview participants was the question of how to measure non-financial mission contribution. Survey respondents shared some alternative metrics that they were using for measuring innovation success. As Exhibit 2 shows, associations could potentially employ a wide range of metrics that address contribution to mission as well as other areas.

exibhit 2

LIST OF ALTERNATIVE INNOVATION METRICS

Source: Innovation in Associations Study

- member awareness and engagement
- contribution to establishing our brand
- growth/expansion of the association and its services
- qualitative assessments of volunteer adoption of process/structural chang
- number of chapters willing to pilot our new ideas
- seamless board approval of proposed changes
- product metrics (is product successful?); process metrics (time-to-launch, early kills versus late kills), organizational metrics (innovation rate, e.g., amount of revenue from new products)
- contribution to culture
- audience growth which is different than member growth
- organizational position or reputation
- customer engagement
- anecdotal data from media coverage (print, TV and social)
- satisfaction of the employers of members (with the change in performance of members)
- growth in social media, member engagement via open forums, attendance at conferences and symposia (along with ROI), growth in new market segments, improved relations with like-minded organizations

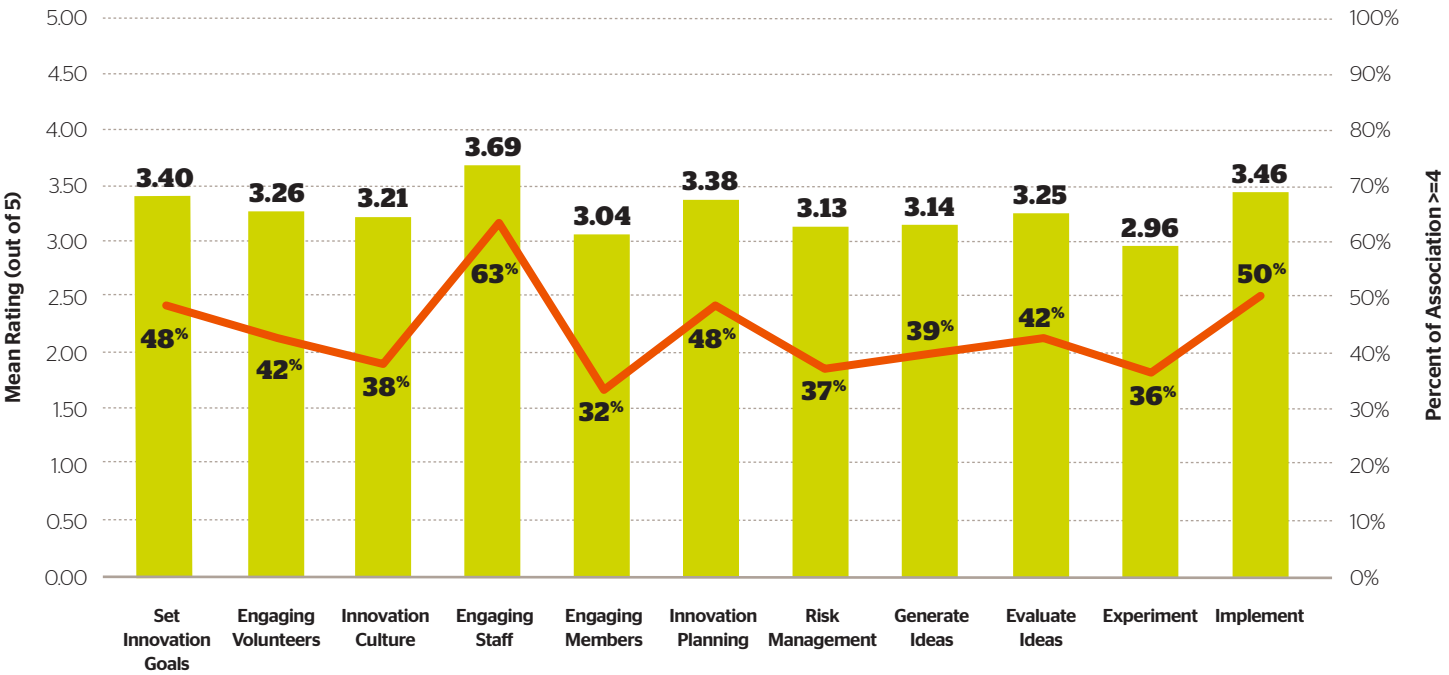
Acknowledging and measuring the potential indirect effects of innovation, what one participant called "the ripple effects of one innovation," is also important, but difficult, to identify. An example of this shared by one association executive was an instance when a successful innovation allowed them to gain considerable attention from an external stakeholder, which led to new innovation opportunities.

Survey respondents also rated the success or effectiveness of their associations' innovation efforts in the past three years on different dimensions. The results shown in Figure 4 indicate that associations have considerable opportunity to improve in many of these dimensions. For example, the mean rating for experimenting and testing ideas and solutions was 2.96, with only 36 percent of the respondents rating their organizations at a 4 or higher. Respondents scored a relatively low 3.04 on engaging members in innovation activities, with just 32 percent scoring 4 or higher. These results indicate an opportunity for more discipline and maturity in innovation processes. Those findings are discussed in more detail in the "Innovation Capabilities and Culture" section.

figure 4

EFFECTIVENESS OF INNOVATION EFFORTS

Source: Innovation in Associations Study



Recommendations for Innovation Scope, Focus, and Success

Analysis of data across the three phases of the study revealed opportunities for associations to improve in the areas of innovation scope, focus, and success.

Adopt a strategic perspective in pursuing innovation. Innovation is an opportunity for leaders to rethink the purpose of their association, including the relevance and value it delivers to its members. Innovation calls for a strategic perspective that views innovation as a way to both solve problems and identify opportunities. Instead of viewing innovation as a fad or trend, association leaders could focus more effort on tying innovation efforts to their primary goals and objectives or mission.

Broaden innovation scope and focus. Associations with higher innovation scope, determined by total mean score on the nine innovation scope dimensions, reported higher overall innovation success. Favorable innovation culture and higher levels of board engagement were shown to enhance innovation scope. The only area of innovation scope where most respondents rated their associations highly for pursuing was programs, products, and services. Associations are not yet pursuing most other innovation avenues—in particular, market or customer innovation, business model innovation, channel innovation, and brand or marketing innovation. These could be promising innovation opportunities for the future. Association leaders can also examine and potentially improve upon the balance of innovation efforts by focusing on multiple areas—including internal, external-member, and external-industry.

Deepen innovation scope and focus. Instead of overemphasizing the need for big, brand new ideas, association leaders can place greater focus on organizationwide, everyday innovation. They can aim for a balanced mix of major and minor innovation projects. These activities can extend to staff and members in all parts of the organization, and dedicated efforts can be made to break down silos where they exist.

Measure innovation success more consistently and comprehensively. Most association leaders could be measuring innovation success more consistently by using similar or the same metrics for specific types of projects over time and across the organization. Another area where association leaders can look to make improvements is the use of comprehensive measures—a set of metrics that cover all project phases and all possible outcomes. Association leaders can evaluate whether their organization places too much emphasis on member satisfaction surveys as a tool to evaluate innovation success. They may find that adopting broader portfolios of innovation success metrics specific to the association would be more effective. Association leaders may also find value in benchmarking innovation performance with the broader association community and beyond.

Survey results showed that associations have room to improve on their innovation culture and innovation capabilities.

While the concept of innovation is embraced widely by association leaders, they often lag behind when it comes to taking action on these concepts. Participant responses to questions about markers of innovation culture showed that many associations could do better when it comes to supporting staff in coming up with and pursuing new ideas. The results from the questions on innovation capabilities showed that associations can better support new ideas through establishing well-defined processes, infrastructure, and metrics that provide the path to implement those ideas.

Both the interviewees and the focus group participants agreed that focusing equally on both innovation culture and innovation capabilities is important to nurture innovation, and that associations are paying less attention to capabilities than they could be. Some participants shared the perception that, over the years, volunteer leaders and senior association executives have focused too much on promoting innovation culture due to a false assumption that the right culture will lead to capabilities.

Innovation culture creates the right environment for innovation, whereas innovation capabilities provide the right set of tools. As such, one is not a substitute for the other. Instead they complement each other in building associations' overall ability to successfully pursue innovation. To foster both, association executives can work towards instilling appropriate innovation culture and building requisite innovation capabilities. Developing such capabilities takes time and resources, and continued commitment from executive leadership and boards.

Innovation Culture

Respondents rated their associations on the 13 different dimensions of culture listed in Exhibit 3. Each of the dimensions relates to a specific cultural characteristic—for example, freedom to fail, desire to explore opportunities, a common language for innovation, and bias for action. As seen in Figure 5, respondents rated themselves relatively low in all dimensions of innovation culture. Mean scores bordered around 3, with a low score of 2.57 and a high of 3.66. Respondents scored their organizations very low in certain dimensions. The results indicate a lack of organizationwide common language on innovation, relatively low tolerance for ambiguity and freedom to fail, and a lack of idea experimentation and bias for action. In fact, only 18 percent of respondents indicated that their associations had developed a common language on innovation. Without the consistency that such a common language fosters, it can be difficult for association leaders and their staff to conduct meaningful organizationwide innovation discourse. Association

executives may want to look at their own organizational culture to identify how they might improve in that area.

Interview and focus group responses supported the survey data. Most participants said that the association community has come a long way in building a suitable innovation culture, particularly compared to the situation prior to the start of the recession in 2007–2008. However, they also said that members of the community may be spending more time talking about innovation culture than making consistent efforts to establish it organizationwide.

exibhit 3

INNOVATION CULTURE INSTRUMENT

Source: Innovation in Associations Study

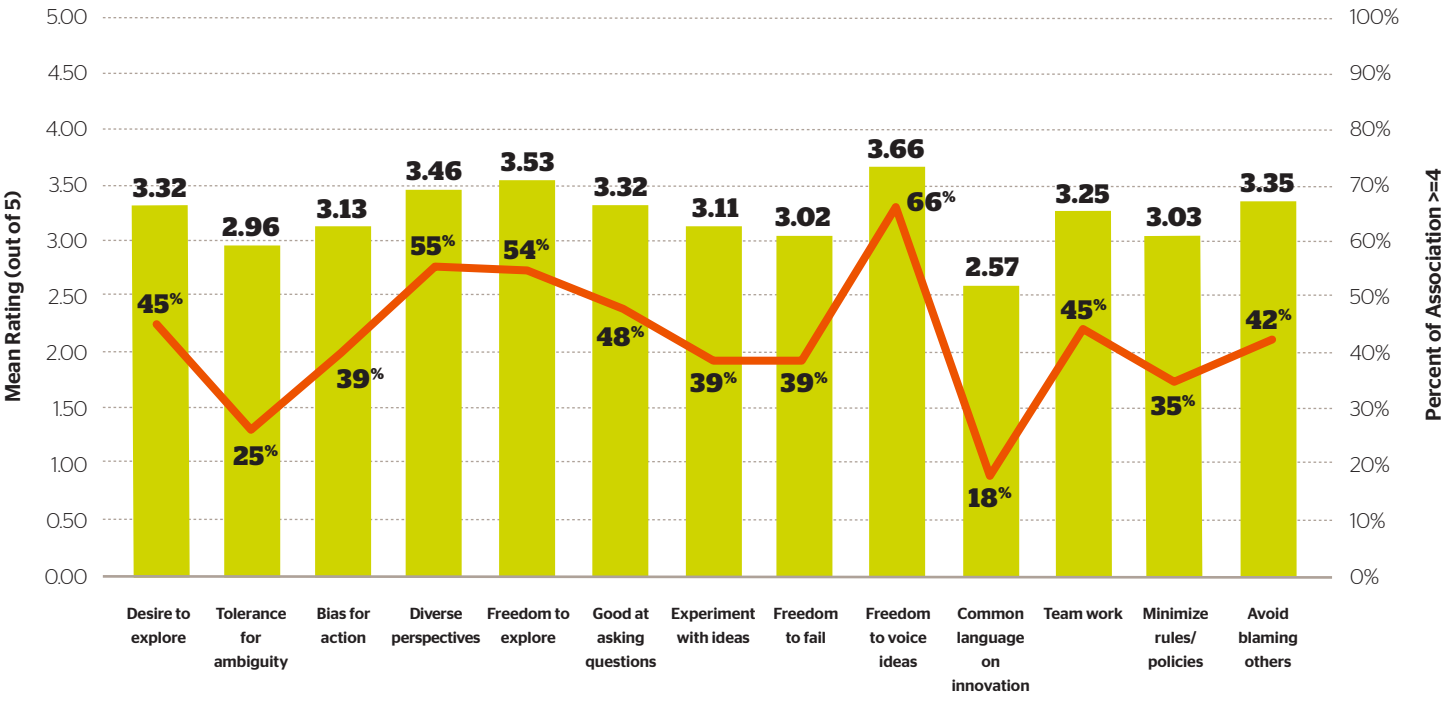
Participants were asked, "The following items relate to the innovation culture of your organization." Respondents rated their association on a five-point scale with one being "not at all," two "to a small extent," three " to a moderate extent," four "to a considerable extent" and five "to a great extent."

We have a burning desire to explore opportunities and to create new things.
We have a healthy appetite and tolerance for ambiguity when pursuing new opportunities.
We avoid analysis paralysis when we identify new opportunities by exhibiting a bias towards action.
We encourage new ways of thinking and solutions from diverse perspectives.
Our workplace provides us the freedom to pursue new opportunities.
We are good at asking questions in the pursuit of the unknown.
We are constantly experimenting with ideas.
We are not afraid to fail, and we treat failure as a learning opportunity.
We are able to freely voice our opinions, even about unconventional or controversial ideas.
We have a community in our association that speaks a common language about innovation.
We work well together in teams to capture opportunities.
We minimize rules, policies, bureaucracy, and rigidity to simplify our workplace.
People take responsibility for their own actions and avoid blaming others.

figure 5

INNOVATION CULTURE

Source: Innovation in Associations Study



Research participants noted that different cultures may coexist within an association—for example, one division or functional area may not undertake innovation activities due to a more risk-averse culture, where another may promote experimentation and bias for action. These different cultures within organizations may be shaped by history, the personalities of senior leaders in different departments, or other factors. Whatever the reason, association leaders may find that the existence of disparate innovation cultures can be alleviated through consistent, organizationwide efforts to promote and sustain innovation culture.

Analysis of the survey data also showed that the higher an association's innovation culture score, the greater its overall innovation success and innovation scope. More broadly, innovation culture was found to be correlated with several key innovation variables that together reflect the overall innovation effort and success of an association. Specifically, associations that had a high mean score in innovation culture also ranked high on the following factors: innovation scope, use of innovation metrics, establishment of innovation goals, process maturity, and innovation infrastructure maturity.

Innovation Capabilities: Processes and Infrastructure

Survey participants responded to questions about the innovation capabilities of their associations, detailing the state of their innovation processes and innovation infrastructure. Respondents were asked to rate the extent to which their associations have well-defined and repeatable innovation processes related to 13 areas (Exhibit 4).

exibhit 4

INNOVATION PROCESS INSTRUMENT

Source: Innovation in Associations Study

Participants were asked "We have established specific, well-defined systems/processes to:" Respondents rated their association on a five-point scale with one being "not at all," two "to a small extent," three " to a moderate extent," four "to a considerable extent" and five "to a great extent."

Set organization-level and/or unit-level innovation goals
Identify problems/innovation opportunities
Generate and evaluate innovative ideas/solutions
Engage all our staff in innovation activities
Promote innovation experimentation (testing of new ideas)
Implement innovation projects
Evaluate the success of innovation projects
Evaluate and manage innovation risk
Conduct portfolio analysis
Sunset/retire/discontinue offerings
Benchmark our peers' innovation practices

The results, shown in Figure 6, showed low overall maturity in associations' innovation processes. For almost all 13 dimensions, the respondents rated their organizations below 3, indicating that they have either limited or nonexistent processes in those areas, with overall mean scores ranging from a low of 2.13 to a high of 3.09.

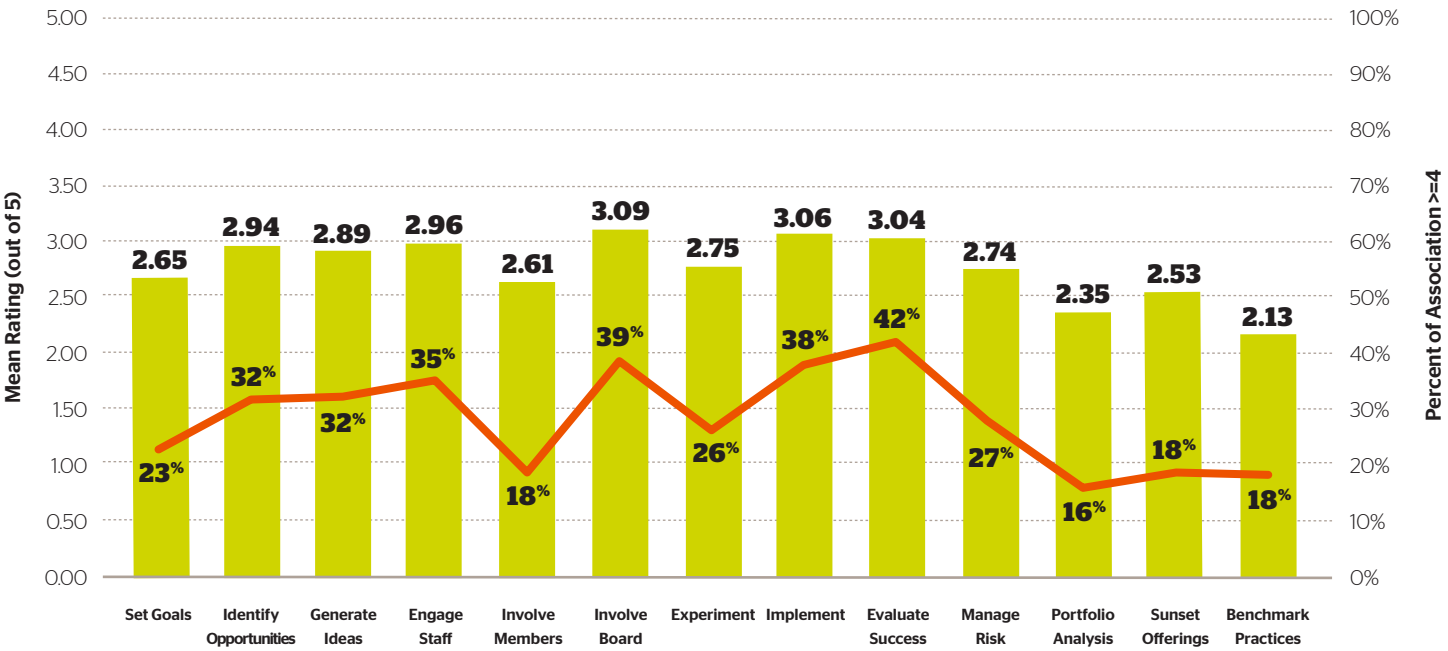
Further, as indicated by the red line, only a relatively small proportion of the respondents indicated that their associations had established such processes to a considerable or great extent (a rating of 4 or higher). For example, only 16–18 percent of the respondents rated their associations at 4 or higher in having well-defined processes for involving members, sunsetting offerings, innovation portfolio analysis, and benchmarking. Only about a quarter of the respondents indicated their organizations had well-defined processes for setting innovation goals, experimentation, and managing risk.

Survey responses revealed similar findings on appropriate innovation infrastructure. Respondents were asked to rate the extent to which their associations have established appropriate innovation infrastructure across seven dimensions (Exhibit 5).

figure 6

MATURITY OF INNOVATION PROCESSES

Source: Innovation in Associations Study



exibhit 5
INNOVATION INFRASTRUCTURE INSTRUMENT

Source: Innovation in Associations Study

Participants were asked "To promote/facilitate innovation within/across the different units, we have established specific, well-defined:" Respondents rated their association on a five-point scale with one being "not at all," two "to a small extent," three " to a moderate extent," four "to a considerable extent" and five "to a great extent."

Individual level roles and responsibilities (e.g., chief innovation officer, senior executive-level innovation leader, etc.)
Group level roles and responsibilities (e.g., innovation steering committee)
Information technology infrastructure (e.g., idea generation/crowdsourcing platform, project management system, virtual prototyping and testing platform, etc.)
Programs to educate/train staff on innovation practices/processes
Reward systems for staff (e.g., bonuses, peer recognition, etc.)
Forums/platforms for inter-functional (or inter-unit) collaboration
Funding mechanisms for both major and minor innovation projects

As the results in Figure 7 indicate, the mean scores for the sample were considerably below 3 for all seven items, ranging from a low of 2.06 to a high of 2.63. Only a relatively small proportion of respondents said that their associations had these infrastructure elements to a considerable or great extent (a rating above 4). For example, respondents gave low scores to important elements of innovation infrastructure such as IT infrastructure, training programs, and staff.

Overall, the above findings indicate significant potential for associations to enhance the maturity of their innovation processes and innovation infrastructure. Data from the interviews, focus group, and survey provide additional insights on some of these process and infrastructure issues.

Innovation risk management

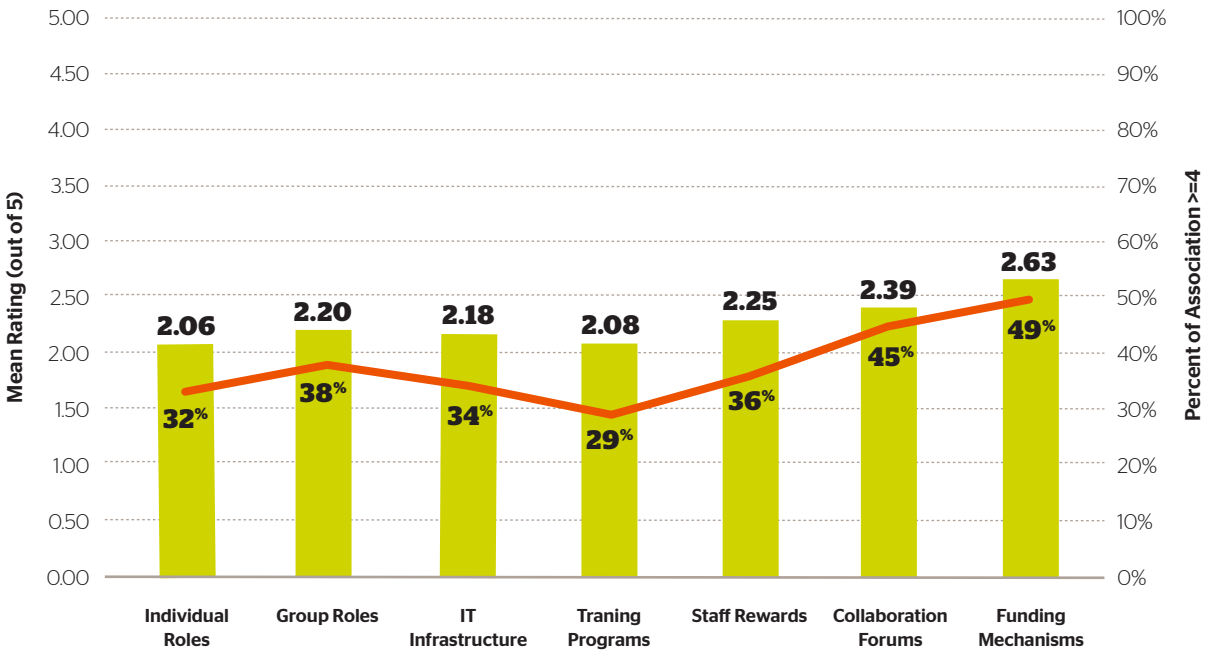
Participants in all three phases of the research said that associations do not sufficiently acknowledge the importance of appropriate innovation risk management. Participants identified the most powerful approaches to managing innovation risk as the use of appropriate metrics and a focus on collecting and analyzing innovation-related data. As the survey data indicate, on these and related risk-management dimensions, such as portfolio analysis, associations do not seem to possess well-defined processes, which hampers their ability to manage risk.

Association leaders can foster an environment that encourages low cost, measurable, and controllable experimentation. Giving individual staff room to explore without getting themselves in a difficult spot and, more generally, creating a safe environment for innovation are examples of effective risk management. A staff with this focus on experimentation can practice consistent everyday innovation, which can include starting small, taking incremental steps, giving quick feedback, and allowing room to pivot or scale activities where necessary. Association leaders can also practice risk management that emphasizes learning by mining failures for information and using the lessons learned in future efforts.

figure 7

MATURITY OF INNOVATION INFRASTRUCTURE

Source: Innovation in Associations Study



Using innovation metrics data could allow associations to take more risks in innovation activities. Data-driven decision making can enable the combination of discipline and flexibility in innovation initiatives. In fact, a focus on data is fundamental to supporting experimentation, because data acquired from prototyping allows innovators to establish initial credibility for an idea, which provides a sound rationale for assuming additional risk or for changing course.

Innovation collaboration and partnership

Collaboration, especially with members, can enhance the innovation capacity as well as the innovation success[4] of associations. The survey data show that most associations lag in this area. As shown in Figure 4, respondents gave the effectiveness of their associations in engaging with members on innovation a relatively low mean score of 3.04. They also reported lack of well-defined processes for such member engagement, with a mean of 2.61 (Figure 6). They also rated infrastructure for collaboration low, with a mean of 2.39 (Figure 7).

Respondents were also asked to rate their associations on the extent of collaboration in different phases of innovation with (a) members (Figure 8) and (b) other organizations (Figure 9). Results showed a mean score for collaboration with members of below 3 on most dimensions, ranging from a low of 2.53 to a high of 3.04. Only about a quarter of the respondents indicated any sort of collaboration with their members. Interview and focus group participants reinforced these findings, commenting that member involvement in innovation is low, despite social media and other facilitating infrastructure. Participants said that one issue was a lack of focus on and partnership with their members. Many participants noted that associations need to do a better job of practicing shared problem solving and having more open conversations with their members.

To reduce innovation risk and enhance the overall quality of innovation, associations can also incorporate collaborations with other organizations, both within and outside of the association community. As shown in Figure 9, only a small proportion of associations seem to pursue collaborative innovation with partner organizations. On both collaboration dimensions—opportunity identification and project execution—mean scores were relatively low. One association CEO noted that her association had built relationships with unexpected counterparts, which led to the development and implementation of several breakthrough ideas. Another participant noted that her association forms alliances with any viable partner, even when not all of the goals of the organizations were aligned. Associations may be able to identify overlapping goals with external partners that might not be apparent at the surface. Such collaboration can benefit both parties, enabling organizations to learn from one another, and often considerably reduce the cost of innovation implementation for both entities.

[4] There is considerable research on innovation collaboration in the for-profit world that shows the benefits of collaborating with external partners, particularly customers—including acquisition of superior ideas, lowering innovation cost, improving innovation effectiveness, enhancing customer loyalty and satisfaction, and facilitating faster innovation adoption.

figure 8

INNOVATION COLLABORATION WITH MEMBERS

Source: Innovation in Associations Study

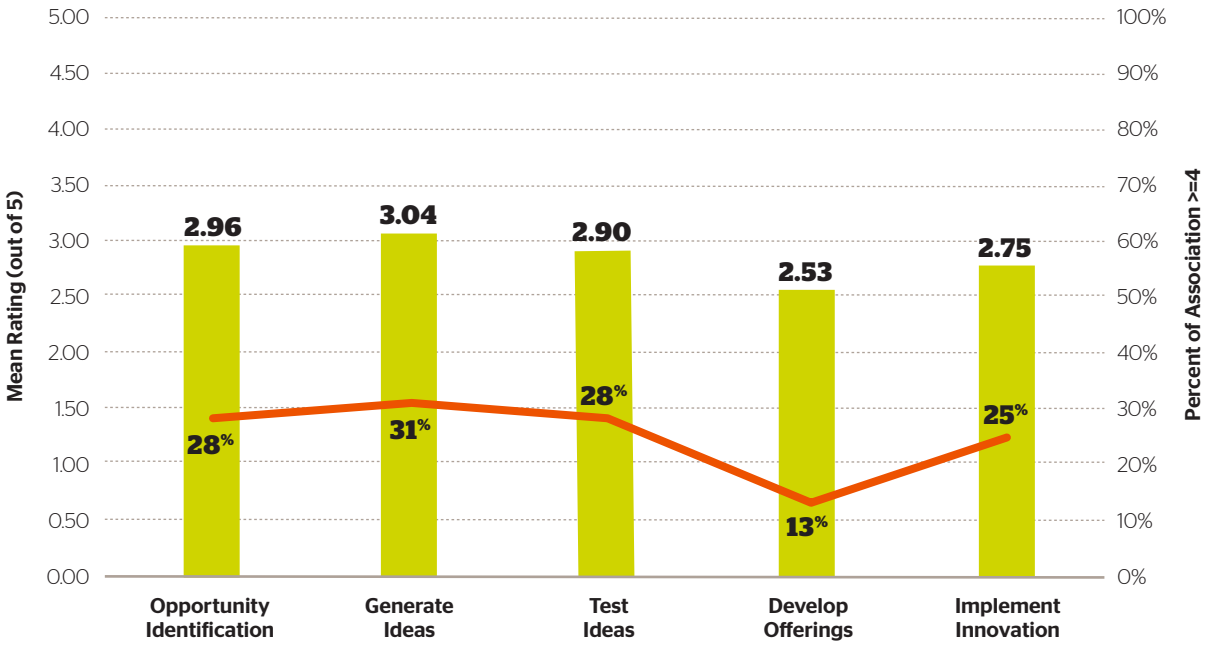
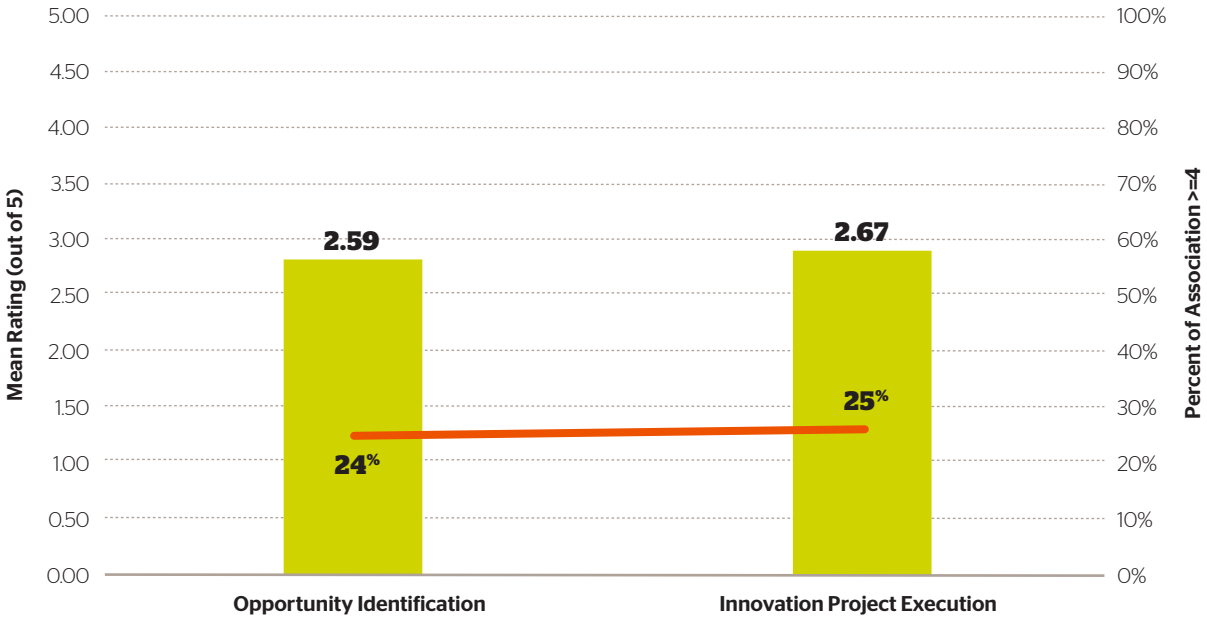


figure 9

INNOVATION COLLABORATION WITH OTHER ORGANIZATIONS

Source: Innovation in Associations Study



Recommendations for Innovation Culture and Capabilities

Analysis of data from all three phases of the research pointed to certain recommendations regarding innovation capabilities and innovation culture.

Promote a coherent, organizationwide innovation culture. Innovation culture is an important predictor of innovation success. The low mean scores for the different innovation culture items indicate an opportunity for associations to develop and promote a more favorable innovation culture. Association executives would be well served to work with staff to create a common language for innovation within the association. From that starting point, senior leadership can encourage staff to generate and pursue new ideas and cultivate characteristics like tolerance for ambiguity and freedom to fail.

Build and maintain an appropriate portfolio of innovation capabilities. Even though innovation process maturity is a critical predictor of innovation success, most respondents gave their associations relatively low scores on maturity for both innovation processes and innovation infrastructure. Associations willing to devote time, resources, and continued commitment can develop innovation capabilities. Associations can adopt practices targeted at enhancing specific aspects of innovation process and infrastructure—particularly those related to innovation risk management, collaboration with members, and innovation path.

Acknowledge the significance of both innovation culture and innovation capabilities. Both innovation culture and innovation capabilities critically shape the innovation performance and success of an association. Associations are prone to focusing more on culture than capabilities, where they would do well to seek more of a balance between the two. The gap between thought and action is considerable in many associations. Appropriate capabilities in the form of tools and processes are most effective when developed at each level of an organization. Innovation capabilities and tools are most effective when aligned with innovation culture. Too often they are not, such as when an organization's culture may promote experimentation but not allocate financial or other resources for such experimentation.

Develop a data-oriented culture. Most associations could be placing a greater emphasis on the sustained collection of innovation-related data and its disciplined use in innovation decision-making at all levels. Associations can find ways to collect information on markets, competition, industry trends, member expectations, innovation processes and stages, and innovation outcomes and impact. A data-oriented culture can limit pet projects, establish whether or not an innovation project is relevant, and prevent organizations from blindly copying what another association has done. Data can also help associations better understand the causes of innovation failure.

Innovation success requires the support and guidance of volunteer leadership, the CEO, and other senior-level executives.

Innovation efforts need management and leadership just as much as any other important aspect of an association's operations. Leaders can promote innovation in a number of ways, including ensuring distinct funding for innovation, and creating staff incentive programs.

The Role of the Board and Other Volunteer Leaders

Study participants agreed that the engagement of board and volunteer leaders could critically shape the overall success of associations' innovation pursuits. Participants gave two recommendations for board engagement in association innovation: first, that association boards look at innovation through an external lens, and second, that they become more open to new ideas.

Participants were not sure that boards were doing a good enough job of connecting broader changes in the external environment with the mission of the association to establish central innovation imperatives or drivers for the association. Another issue in many associations is board members who neglect to focus on the macro level, choosing instead to promote their own individual pet programs or projects. This type of activity can prevent the board from formulating and working toward a clear vision. Association boards and other volunteer leadership can contribute to innovation efforts with a shift in thinking—from implementation to strategy and from individual programs and projects to sustainable business models.

The second concern participants expressed was that some boards lack openness to diverse ideas, approaches, and perspectives. Many participants viewed this issue as highly dependent on group dynamics, saying that in some years, boards are more open and forward-looking, and in other years they are not. One of the consistent participant comments in both the interviews and the focus groups was that the generational divide can inhibit board progress on innovation. Many participants noted that lack of representation of the younger generation in volunteer leadership positions may affect a board's ability to empathize with their needs and to develop an innovation vision that is consistent with reality.

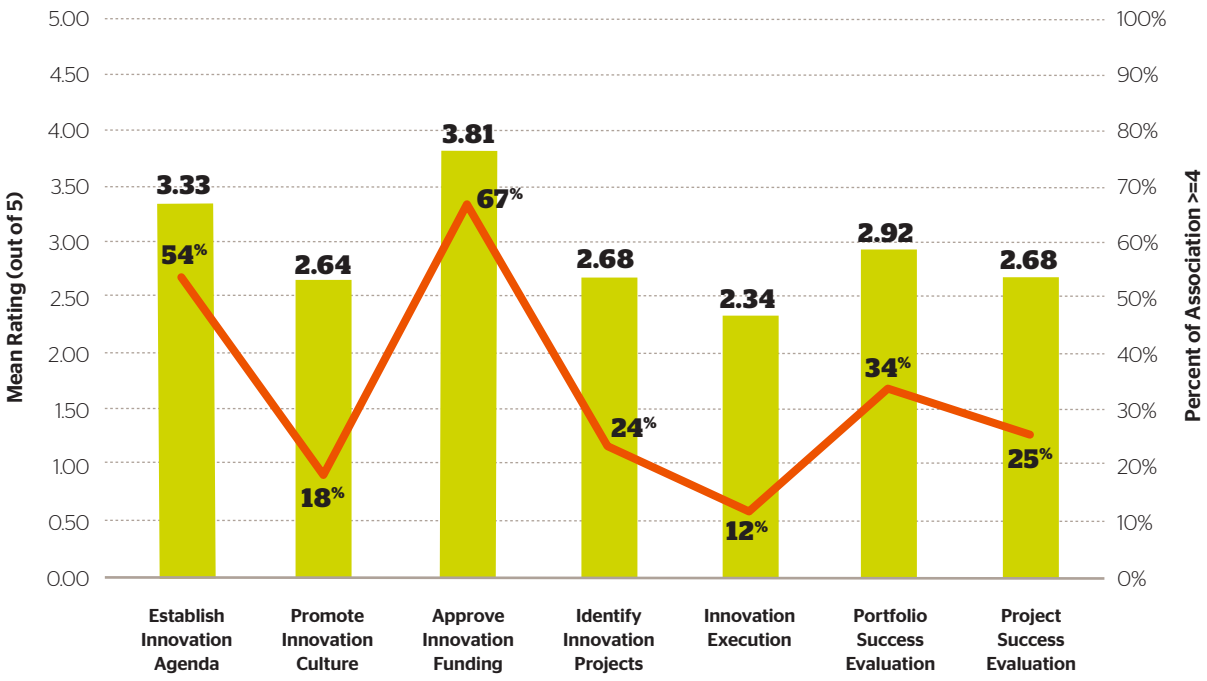
As an example, one participant noted that the board of her association was very resistant to the idea of unbundled or à la carte offerings, even though there was evidence that younger members were looking for such options. Such resistance to changes in business models could prove costly for associations in the future. One way organizations can counteract this issue is by bridging potential generational divides in volunteer leadership. Several participants noted the approaches their organizations had begun to use—seeding committees with younger people and grooming them for leadership roles, adding and effectively engaging an emerging professional position on the board, and conducting complementary meetings between the board and young leader committees.

The importance of how boards approach and engage with innovation was further supported by the survey results. As shown in Figure 10, the most consistent role for the board seems to be in approving the funding for innovation. Sixty-seven percent of participants surveyed indicated that their board engaged in this activity to a considerable or to a great extent. Board engagement in establishing the association innovation agenda was found to be moderate—a mean of 3.33, with only about half of the respondents reporting a considerable or great extent of engagement. The extent of engagement in other activities was found to be lower. For example, only about 18 percent of participants reported that their board was active in promoting innovation culture to a considerable extent. Similarly, only about one-third of respondents reported that their board was engaged in evaluating the success of the overall innovation portfolio of the association. Board overview of the organization's innovation portfolio can be highly beneficial in managing risk, particularly for larger associations. Overall, these findings indicate the potential for association boards to become more engaged in innovation management and leadership—particularly in establishing the association's broader innovation goals and agenda and in promoting an appropriate innovation culture.

figure 10

BOARD ENGAGEMENT IN INNOVATION MANAGEMENT

Source: Innovation in Associations Study



Survey participants were also asked about the governance structure of their association (Figure 11) and their boards' approach to innovation (Figure 12).

figure 11

ASSOCIATION GOVERNANCE STRUCTURE

Source: Innovation in Associations Study

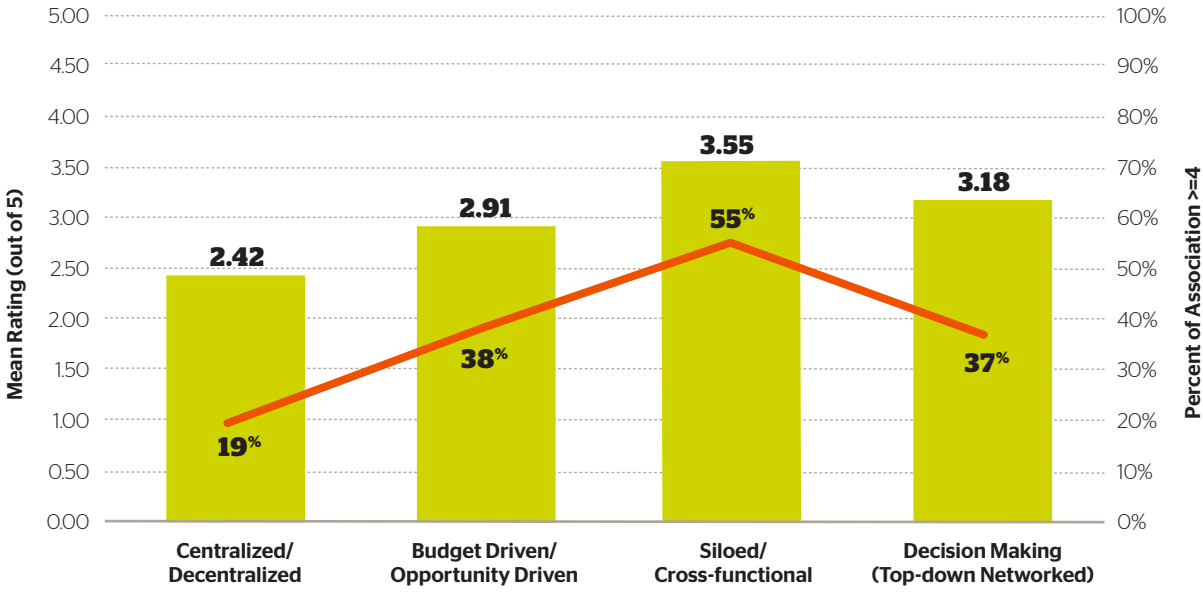
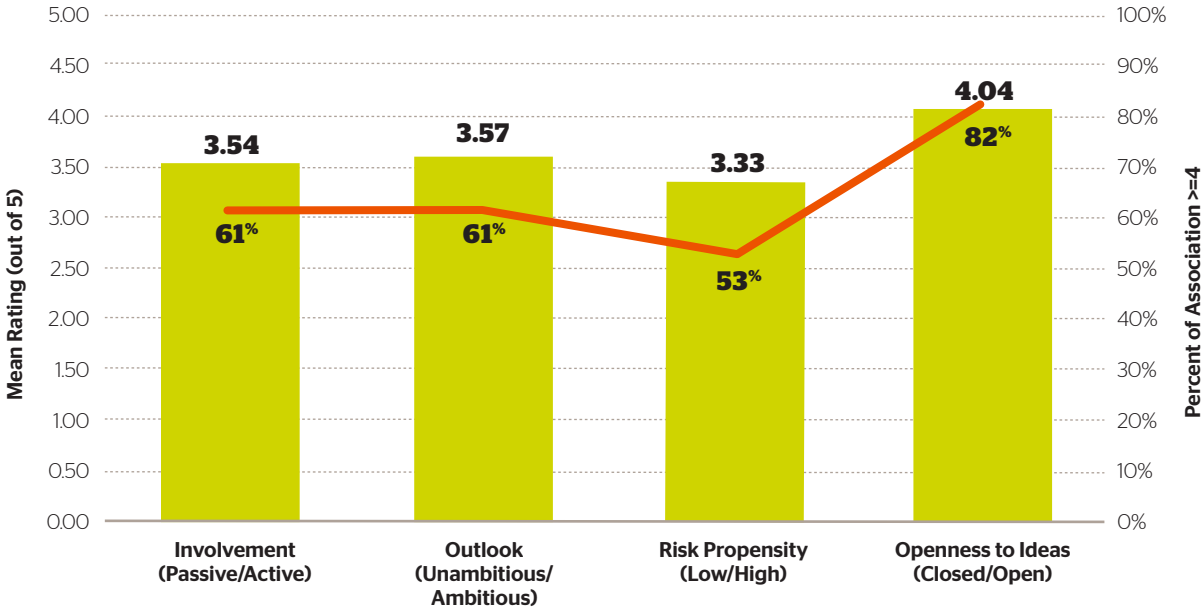


figure 12

BOARDS' APPROACH TO INNOVATION

Source: Innovation in Associations Study



Four essential dimensions to an open governance structure are depicted in Figure 11. More open governance correlates to greater decentralization in terms of structure, budgets, and decision making; and a more cross-functional focus. As Figures 11 and 12 indicate, the associations in the survey sample tended to have a more centralized structure, be more budget-driven, more cross-functional, and more top-down in decision making. These results seem to suggest that there is opportunity for associations to adopt a more open governance structure. Data analysis also showed that associations with more open governance structures had broader innovation scope and greater overall innovation success.

Survey respondents said that, in their associations, boards' approach to innovation was more active than passive (mean of 3.54) and had a more ambitious outlook (3.57). Similarly, a good proportion of the respondents also indicated that their board was more open to ideas (4.04). Thus, the survey results seem to contradict findings from the interviews and focus groups regarding the lack of openness of association boards to innovative ideas. Perhaps, as noted previously, this reflects the inconsistency across time of board openness varying with the occupants, consequently emphasizing the potential to promote a more consistent culture of innovation openness at the volunteer leadership level.

Roles of Association Executives

The consensus among the study participants was that the role of the CEO is possibly the most important in making the big shifts in thinking needed to ensure the long-term growth, viability, and continued relevance of the value proposition of an association. Many focus group participants said that a CEO had played a critical role in shifting innovation focus in their associations. This underscores how the appointment of a new CEO can be an opportunity to rethink the business model and the innovation agenda of an association.

The CEO plays a critical role in formulating and establishing an association's overall approach to innovation. The CEO is influential in determining what nature of innovation culture to promote, what types of capabilities and infrastructure to develop, and the allocation of resources. In addition to their roles in executing plans and managing the organization, CEOs are crucial to developing and implementing a vision for the future, of which innovation goals and priorities are an integral part.

Survey respondents were also asked whether their associations had established a chief innovation officer position. Only seven percent of survey respondents indicated that they had a chief innovation officer in their organization, and in all these cases, the role had been established relatively recently, between 2013 and 2016. During the interviews, many participants noted that the chief innovation officer role is unlikely to be appropriate for most associations except a few large ones. Many participants also expressed concern that the appointment of a chief innovation officer could potentially be viewed as evidence of top-down or imposed innovation, which could potentially face resistance or even hamper more open innovation.

The survey respondents who did indicate the presence of a chief innovation officer role in their association said the person in that position had a portfolio of responsibilities. These responsibilities included advocating for and promoting innovation culture, communicating the innovation agenda, promoting collaboration, educating on and establishing innovation processes and organizational innovation infrastructure, and evaluating innovation projects. Only two respondents indicated that their chief innovation officer was also responsible for allocation of innovation funding. As such, it seems the primary role for an association chief innovation officer is to be a facilitator and advocate rather than a director and implementer, and to help promote an appropriate organizationwide innovation culture.

Many participants also noted that it is the responsibility of not just the CEO but also other senior executives, including, but not limited to, the chief innovation officer when there is one, to scan the environment and help members achieve a future focus. These activities help establish the rationale for associations' innovation efforts and facilitate the eventual introduction and adoption of new ideas and business models.

Innovation Budget

Among the survey respondents, 25 percent reported that their association had established a separate budget for innovation. Twenty-three percent of that group indicated an organization-level innovation budget, for 14 percent it was department-level, and some associations reported innovation budgets at both levels. None of the association executives interviewed reported that their associations had created a separate, dedicated innovation budget. Several interviewees noted that innovation budgets could be useful but might also be counterproductive, if the existence of the budget encouraged a mentality that resources have to be expended before funding runs out.

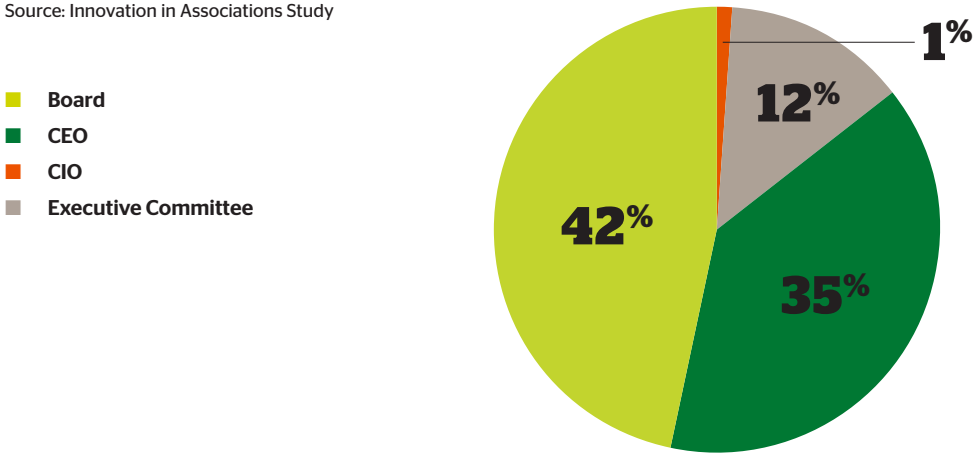
Several interviewees said that a strategic fund was preferable to an innovation budget. Among the association executives interviewed, at least three had such strategic funds for innovation initiatives. Among the survey respondents, 56 percent reported that their association had a strategic fund for innovation projects. As one participant noted, typically "big bets are funded by our strategic fund, incremental ideas from our operating budget." As shown in Figure 13, when asked who is responsible for allocating funds for innovation from the strategic reserve fund, survey respondents said that, in the majority of cases, it was either the board (42 percent) or the CEO (35 percent).

Finally, only about a quarter (26 percent) of the survey respondents indicated that their association had created an innovation seed fund intended to promote experimentation. However, most of the interview and focus group study participants noted that such seed money is critical to ensure that potentially interesting ideas are given a chance to show their worth, and to promote an experimentation culture.

figure 13

AUTHORITY TO ALLOCATE STRATEGIC RESERVE FUNDS FOR INNOVATION

Source: Innovation in Associations Study



Incentivizing Innovation

How do associations incentivize innovation? As shown in Figures 6 and 7 on pages 18 and 20, a relatively small proportion of respondents said that their associations had mature innovation processes and infrastructure. The mean score was 2.96 out of five; and just 35 percent rated above a 4. The mean score for having rewards systems in place for staff engagement in innovation was even lower at 2.25, with just 36 percent rating their associations above 4. Consensus among the interviewees was that associations rarely have well-defined reward structures for innovation. It was suggested that employees are more likely to take on the inherent risks of innovation if they stand to gain a reward for doing so. While leaders could take the view that innovation is part of everybody's job and that there is no need for additional rewards, research on innovation management has shown the synergistic effects of intrinsic and extrinsic motivators on individual creativity and innovation[5].

Rewards can take a variety of forms and do not necessarily have to be monetary in nature. Many participants suggested establishing a portfolio of different rewards ranging from peer recognition to organization-sponsored innovation awards. Such external motivators do not necessarily need to be at the individual level. Team-based rewards are appropriate in many instances, particularly when innovation initiatives cross departmental or functional boundaries and involve a combination of staff, members and/or volunteers.

Many participants also noted that associations could benefit from spending more resources on a sustained basis to educate their staff on innovation and build innovation capabilities. They also suggested that association executives view staff in terms of their skills and not just their roles. These practices could help ensure that innovation pathways are made visible to all staff, including entry-level staff members—and that innovative ideas are nurtured regardless of where they originated in the organization.

[5] Amabile, T. M. (1993). Motivational synergy: Toward new conceptualizations of intrinsic and extrinsic motivation in the workplace. *Human resource management review, 3*(3), 185-201.

Recommendations for Innovation Management and Leadership

Analysis of data from all three studies garnered the following broad conclusions regarding innovation management and leadership.

Focus on the big picture. Associations with more open governance structures are more likely to have broader innovation scope and greater overall innovation success. The most frequently repeated sentiment among study participants was the importance of an association volunteer leadership that values innovation—and not just in talk but in action. Board leadership can consciously employ practices to shift toward more open governance. Boards would do well to use more real-world data to inform their innovation decision making rather than relying on their personal experience, letting go of pet projects that can block them from focusing on the big picture. Meanwhile, associations can address the potential generational divides that exist between boards and members, because if the member majority is not represented by the board, then innovation measures enacted by the board may lack relevance.

Develop a vision of the future and commit to building the requisite approach to innovation. CEOs have a critical role in creating an innovation vision and interpreting it according to their associations' goals and agenda. CEOs can guide their associations to continuously rethink the relevance and focus of their business models. They can also commit to building the appropriate innovation culture and innovation capabilities.

While chief innovation officers are still relatively uncommon in the association community, they have the potential to promote innovation in a variety of ways. They can serve to help develop and advocate for an appropriate association-wide innovation culture. They can educate the association about innovation capabilities and infrastructure, and marshall necessary innovation resources.

Incentivize innovation activities across the association. Associations can seek out more ways to encourage innovative behavior among all association staff, from entry level to senior leadership. Association executives can do things like establish rewards and recognition systems. They can encourage innovation initiatives that cross departmental boundaries, especially when innovation benefits are likely to flow to the whole organization and not to an individual department. Associations can also do more to cultivate member engagement and collaboration in innovation, especially when there is a chance to shed light on areas where members may have a more limited window into the association's operations. Association leaders can be more open to and encouraging of innovation initiatives that involve greater levels of risk for individuals and departments.

Findings from all three phases of the research showed that to nurture innovation in the association community, associations can benefit from acknowledging certain key issues and challenges, and adopting appropriate sets of practices in response.

The research revealed that while many associations do innovate, and have been doing so for years now, the overall maturity of innovation practice in the association community is low. While there are examples of a few associations at the forefront of innovation, not many established best practices related to innovation management exist in the association community. However, many of the challenges that associations face in innovation management are similar to those that for-profit organizations face. Association executives can potentially learn from the experience of organizations in other sectors.

The following section consists of a collection of innovation practices from associations and organizations in other sectors at the forefront of innovation, as identified in the interviews and focus groups. Specific issues and challenges identified earlier in the report are addressed, as are practices related to innovation scope, focus and success, innovation capabilities and culture, and innovation management and leadership. Some or all of these practices may be useful to association leaders who are trying to move the innovation initiatives of their organizations forward.

Association-Tested Practices Related to Innovation Scope, Focus, and Success

Adopt a strategic perspective in pursuing innovation. A strategic perspective begins with a commonly shared definition of innovation. An association's definition of innovation shapes how, what, and where it innovates and its innovation success. This definition of innovation needs to have buy-in from all key stakeholders, including board, members, and staff, in order to be useful. The definition should be broad enough to guide diverse innovation efforts.

One effective strategic activity for association leaders would be to develop a collection or portfolio of mini scenarios that reflect different changes that potentially could occur due to external trends in markets, society, and the world. Conversations built around such mini scenarios can serve as the starting point for setting the innovation agenda and identifying opportunities. Exercises like this can identify common innovation themes and help integrate the big picture envisioned at the board and senior executive levels with the project-level activities undertaken at the staff level. Specifically, these mini scenarios can help identify the key drivers of, or imperatives for, innovation in an association's particular context. Using scenarios can establish the relevance of different types of innovation for the organization, such as business model innovation, process innovation, and market innovation.

Associations can use the key drivers identified by the mini scenarios as a tool to remain relevant, revising the scenarios according to the continuous changes in a dynamic market. Associations can practice the use of scenarios effectively by gathering and analyzing data on the fundamentals of business, industry, competition, markets, and technology on a regular basis to revise and validate the portfolio of scenarios they use to guide innovation strategy discussions. To do so, associations can use data to inform their innovation decisions.

Broaden and deepen innovation scope and focus. Many associations could benefit from the use of the nine-dimension innovation scope instrument from Table 1 on page 8 to identify gaps in the association's innovation portfolio and determine if all available innovation opportunities are being employed. Collecting data on each of the specific types of innovation in the association on an ongoing basis can be used to inform future innovation plans. Connecting the specific types of innovation pursued—market innovation, business model innovation, member experience innovation—to specific mini scenarios identified can help establish the need for and relevance of different types of innovation. Association leaders should establish processes to ensure that all possible methods of innovating are considered, and remain cognizant of the fact that different types of innovation may call for different innovation capabilities.

To deepen innovation scope and focus, association executives can begin by analyzing the association's innovation portfolio and evaluating whether the innovation efforts are truly organizationwide. Staff members from all areas of the association can be included in innovation activities. Association executives can look at whether all departments and functional areas are involved in innovation activities or if one or two units are doing all the innovating. Associations can also analyze whether they are undertaking both minor incremental and major breakthrough innovation, and if one is being emphasized too much over another. Data gathered from analyzing these questions can be used to guide discussions on innovation portfolio risk management and innovation capability building.

Measure innovation consistently and comprehensively. Associations can develop a portfolio of innovation metrics to evaluate innovation success on multiple dimensions including: mission contribution, member satisfaction, member growth, new market development, and new revenue generation. Such a portfolio of metrics can reveal the key challenges faced by the association—such as an inability to attract younger members—in order to usefully inform how innovation efforts are helping the association address them. The portfolio of innovation metrics could be a set of hierarchical or cascading metrics, with lower level metrics informing more granular activities and outcomes, and higher-level metrics offering a broader overview of the association's innovation performance. Association executives can oversee the institution of systems and processes to collect, analyze and present data at both the individual project level and the association portfolio level using these innovation success metrics. Innovation decision-making processes can then be adapted to use this data on a consistent basis over time and across all

departments. Association leadership can also begin looking at how they can establish processes to benchmark innovation success with respect to the broader association community as well as the member industry.

Association-Tested Practices Related to Innovation Culture and Innovation Capabilities

Invest in and promote a coherent associationwide innovation culture. Associations can use the 13-item innovation culture scale from Table 5 to evaluate the association's innovation culture. From this they can identify gaps in the innovation culture and commit resources to address specific issues. Associations can use data gathered on innovation activities and success metrics to validate innovation culture perceptions. For example, association executives who say they are good at experimenting with ideas can look at exactly how many ideas the association experimented with in the previous year and what resources they committed to that effort.

Build and maintain an appropriate portfolio of innovation capabilities. Associations can utilize the 13-item innovation process maturity scale from Table 3 and the seven-item innovation organizational infrastructure maturity scale from Table 4 to continuously evaluate and benchmark the association's overall innovation capabilities. The results can help identify gaps in innovation capabilities so the association can commit resources on a sustained basis to address them.

Acknowledge the significance of both innovation culture and innovation capabilities. Association boards and executives can begin to place equal focus on building and maintaining appropriate innovation culture and innovation capabilities. Association leaders can establish processes to educate the entire organization, including members, on a common innovation language and set of activities. These activities serve to align innovation culture and capabilities, creating a common perspective on innovation within the association and among its members.

Promote risk management capabilities and culture. Viewing innovation projects as learning forums can help reduce the stigma of failure in an association. Association executives can establish processes which make explicit, shared learning a part of the process innovation. They can also work with their boards to establish seed funding to explicitly promote experimentation. Data-based processes to evaluate all innovation pilot projects can encourage disciplined experimentation.

Promote innovation collaboration and member cocreation. Association executives have an array of opportunities to boost member cocreation. Town hall events and study tours at member locations can be conducted to bring new voices into innovation conversations. New crowd-based techniques like hackathons can be employed to bring diversity of inputs into innovation efforts. Organizations can employ design

thinking practices to promote member centeredness and to ensure sustained member involvement in innovation, not just at the beginning and end stages. Association executives can prepare the organization to accept member inputs with structures such as staff-member teams or buddy systems to connect internal innovation groups with external member communities. Establishing processes for regular reporting on member inputs can help make these efforts effective.

Establish an innovation path. Association executives can work to ensure that the innovation path is clear to all staff, including those at entry level, as well as members and other stakeholders, so that each of these groups know the steps to follow when they have an idea. Specific procedures like stage-gate models, dedicated communication channels for innovation activities, and appointing a point person for innovation initiatives in key departments have been shown to work well. Staff units should be provided sufficient resources and time to advance ideas to an outcome. Executives can pay attention to building capacities for more open innovation practices to flourish. These can include an outside-in approach, where new ideas can be acquired from members and pursued internally, as well as inside-out approaches, where new ideas are generated internally and support is given to member-industry groups to further develop and pursue those ideas.

Association-Tested Practices Related to Innovation Management & Leadership

Boards drive innovation. Association boards are integral to the success or failure of innovation efforts. Association boards are integral to the success or failure of innovation efforts. Boards can promote innovation by establishing processes to promote a strategic perspective on innovation, including making innovation an inherent part of strategic planning exercises. Boards can also take responsibility for developing and maintaining a portfolio of mini scenarios to guide organizationwide innovation efforts. They can take responsibility for establishing processes that explicitly promote experimentation and effective innovation risk management. Such processes could include establishing an innovation seed fund, initiating or evaluating funded pilots, setting performance criteria for risky projects, and enforcing data-based project evaluation.

Boards can also employ data-oriented decision making, based on end-user experience and market data, rather than succumb to the common practice of making decisions based on feelings or individual experiences. Another area for boards to look at is the incorporation of outside industry representation in volunteer leadership, which can allow for the reexamination of the association business model and learning from other sectors that have experience with the establishment of competency-based boards.

Boards also have the opportunity to actively seek out ways to bridge the generation gap, instilling structures and processes to nurture younger leaders. This can be accomplished in a number of ways, such as seeding committees with younger people to groom them for leadership roles, creating an emerging professional spot on the board, or creating hybrid board and future leaders meetings.

CEOs, chief innovation officers, and other senior executives commit to innovation. CEOs have a central role in establishing and maintaining a commitment to innovation. They can be the primary change agent for the association and its members. The CEOs role in innovation is to develop and engage with the board to craft a vision for the future, initiate a rethinking of the association business model when needed, and help the organization make the connections between the big picture and specific innovation goals and projects. CEOs, chief innovation officers, and other senior executives would do well to commit to promoting an appropriate innovation culture and to building a portfolio of innovation capabilities. This involves not only making the requisite investments but also defining the responsibility to evaluate both innovation culture and capabilities on an ongoing basis.

Incentivize innovation across the association. Establishing a diverse set of innovation rewards such as group or team rewards can encourage innovation in an association. These could take the form of a card from the CEO to peer recognition systems, organizationwide and departmental innovation awards, or special project assignments. To foster staff engagement, associations could take steps such as establishing ongoing educational training programs to enhance staff skills in areas like customer cocreation, design thinking, stage-gate models, and measuring innovation. Association leaders can establish strategic funds for innovation. These funds may range from a reserve fund for larger, more risky initiatives, to a seed fund for experimentation and pilot projects.

Promote a data-oriented innovation culture. Association executives can identify key areas for innovation-related data collection. From there, they can implement processes and assign responsibilities to collect and maintain the innovation data repository. If all areas of the organization have access to the association innovation repository, they can all benefit from using data effectively in decision making. Association executives can also institute processes to ensure that innovation-related decision making at all levels incorporates the use of such data, because without such processes, no amount of data implementation will be effective.

The primary objective of this project was to gain a deeper understanding of the association community's innovative behavior, strategies and practices.

The detailed findings related to innovation scope, focus, and success; culture and capabilities; and management and leadership can help association leaders focus their efforts on building lasting and effective innovation programs. The qualitative and quantitative data revealed many details about the state of and the potential for innovation in associations, but two main points are worth reiterating.

First, there is widespread acknowledgement in the association community regarding the importance of innovation to ensure a viable future for associations. For most associations, innovation is a strategic imperative. As markets and technologies undergo radical changes, the relevance of associations' value proposition is continually challenged. Association leaders are finding that innovation in areas such as business models, offerings, markets, member experience, and collaboration—internal, inter-departmental, and external—continue to increase in importance. However, research shows that most associations are not pursuing all these diverse and rich innovation opportunities as effectively as they could.

Second, the data from each phase of the research indicate that, despite the important role of innovation culture and capabilities in ensuring innovation success, many associations seem to not have made sufficient investments in these areas. Indeed, with a few exceptions, the research participants reported rather ad-hoc and relatively immature innovation systems and processes. This lack of appropriate or requisite innovation culture and capabilities possibly explains the gap between intent and action in innovation pursuits, and the uneven performance of most associations' innovation initiatives.

The list of strategies and practices included in this report suggested for association communities to adopt is not comprehensive. It is intended only to serve as a starting point for leaders in the association community on their innovation journey. If associations implement these and other practices and share their experiences with one another, the association community as a whole could benefit greatly, accumulating learning and developing a more comprehensive set of best practices in innovation management.

Association leaders that are serious about enhancing their innovative behavior will most likely need to start with a sincere assessment of their current innovation capabilities and culture. An honest appraisal of the associations' current state gives leaders the understanding needed to move forward. Leaders will find it hard to move forward unless they establish common language and culture around innovation and enlist staff in meaningful ways to generate ideas and execute innovation projects. In all of these

activities, the use of organizationwide metrics and data-driven decision making will play a key role in successful innovation. The tools presented and the findings shared in this study may prove valuable for associations whose leaders are willing and able to conduct an honest inventory of their innovation activities, and to act on what they find.

Lastly, the leaders of individual associations are encouraged to keep in mind the many learning opportunities that exist in the greater association community. Much can be gained from educating, learning from, and sharing with others in the community. Opportunities to do so will no doubt emerge as innovation efforts become more robust and widespread in associations. Such sustained learning efforts could help the association community to collectively develop and adopt tried and tested effective practices related to innovative behavior in the association community.

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Below is a set of books and articles that are likely to be helpful to association executives as they pursue some of the ideas and practices mentioned in this report.

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Appendix A: Research Design

The 3E innovation framework[6] that focuses on three primary phases of innovation—exploration, experimentation, and execution—is used here to help identify the detailed study research questions and to decide the appropriate research design. The exploration phase relates to identifying and defining the problem that needs to be solved; the experimentation phase relates to building and testing solution prototypes in near real-world settings; and the execution phase relates to implementing solution templates that can be customized to fit specific contexts. Prior research has shown that organizations that do not focus on all these three aspects of the innovation process are likely to be less successful. This method can help associations avoid the consequences of common pitfalls: ill-defined problems that arise from a lack of innovation focus; untested solutions that lead to innovation failures and consequently a more risk averse culture; and rigid solutions that do not acknowledge the unique challenges of different contexts.

The 3E framework, developed based on prior research on innovation management, also underlines three key aspects that align well with the unique challenges of associations and the association community, and with the key research questions framed in the RFP. Specifically, it emphasizes that innovation primarily involves problem solving, and as such, understanding and defining the problem is critical to ensure innovation success. This in turn relates directly to the association's innovation focus: is the association attempting to solve an internal problem, an external problem, or both? Further, such problems are often multipart puzzles, with different stakeholders holding different parts of the puzzle or different perspectives of the same problem. This in turn relates to how governance practices, including changing volunteer leadership, may enable or constrain an inclusive culture of innovation—one that allows the association to embrace diverse perspectives.

Second, the 3E framework denotes that innovation, by definition, involves risk and uncertainty and as such experimentation, testing, and learning from solution prototypes is critical for innovation success. This, in turn, relates directly to associations' tendency toward risk averseness and the specific strategies they adopt to mitigate or manage the risk inherent in every innovation.

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[6] Nambisan, S. 2009. Platforms for collaboration. *Stanford Social Innovation Review,* Summer 2009, 44-49.

Third, the 3E framework underlines the need for organizations to adopt a more flexible and holistic view of the implementation context, one that is not narrowly focused on the solution alone. Such an approach would imply that organizations also consider other contextual factors and processes—for example, activities that are complementary to the solution—that might need to be changed to make the innovation a success. This in turn relates to the governance approach that associations adopt towards innovation.

Drawing on this 3E framework and guided by the three primary research objectives, we identified a set of detailed research questions relating to innovation scope and focus, innovation success, innovation culture and capabilities, and innovation management and leadership (see Appendix D).

Subsequently, a multiphase, multimethod research design was adopted to address these research questions. Specifically, the project work was divided into the following phases:

(i) **Preparatory phase:** This phase was focused on developing a shared understanding of the research context and research objectives with the ASAE innovation task force and on preparing the ground for conducting the various empirical studies.

(ii) **Phase I:** Phase I was focused on conducting interviews with selected senior-level association executives to develop a preliminary understanding of "how associations currently innovate" and to inform on the broader challenges that associations face in pursuing innovation.

(iii) **Phase II:** Phase II was focused on conducting a questionnaire-based survey of associations on their innovative behavior (scope, focus, culture, and capabilities) and on analyzing the data to validate hypotheses related to the impact of such behavior on innovation success.

(iv) **Phase III:** Phase III involved conducting focus groups with a stratified sample of senior-level association executives to interpret the main findings from the survey and to develop a preliminary set of guidelines and recommendations for the association community.

(v) **Preparation and delivery of the final report:** This phase was focused on developing a summary of the key findings from all the studies, gathering feedback and comments on those findings from the innovation task force, and finalizing the project report.

Appendix B provide detailed descriptions of the three phases.

Appendix B: Description of Research Phases

Phase I: Interviews

This phase of the research consisted of 16 interviews with senior-level executives responsible for or involved in innovation initiatives and innovation thought leaders and consultants in the association community. Interview subjects were selected from associations in the forefront of innovation. The objective of this phase was to develop a preliminary set of ideas and insights on the key research questions related to innovation focus, success, risk, and governance.

Phase 1 took place in June and July of 2016. Interviews were unstructured but guided by the interview question templates. All interviews were recorded and documented. Interview data was analyzed to find common themes and patterns, narratives, insights, and perceptions.

Phase II: Questionnaire-based Survey

This phase consisted of a survey with questions prepared based on the results of the interviews conducted in Phase I, using a five point scale to measure key variables. The sample of associations was taken from the ASAE database, and respondents were CEOs or senior executives responsible for innovation. The 2,283 surveys sent out resulted in 114 responses from associations, a return rate of five percent. Sample bias was not present on revenue and number of employees, but there was sample bias towards associations having a higher number of employees who were ASAE members compared to the study population of 2,283 associations. The study was conducted in January and February of 2017.

The survey was designed to find out how innovation is currently practiced in the association community. It also sought to identify the specific capabilities and practices, particularly those related to innovation focus, risk mitigation, and volunteer-based governance, that enhance innovation success.

Profile data of survey sample respondents can be found in Appendix C and the preliminary research questions can be found in Appendix D.

Phase III: Focus Groups

The third phase of the research consisted of three focus groups designed for two purposes. Participants were asked to discuss and develop a better understanding of the key innovation-related themes that emerged from the findings in the initial two phases of the project. They were also asked to develop a preliminary set of recommendations and guidelines for the association community on innovation strategies, programs and practices. The participants were senior-level association executives selected by the ASAE Foundation research department. People who had participated in the earlier phases of this project were excluded.

The focus group structure and themes can be found in Appendix E.

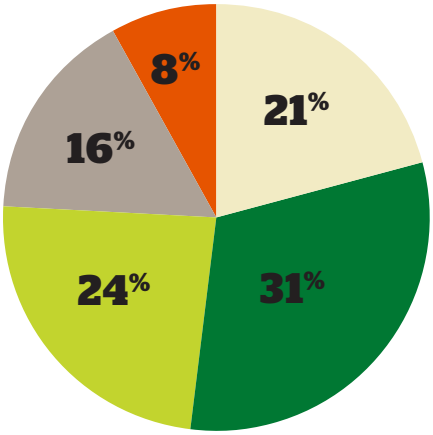
Appendix C:
Survey Sample Profiles of Associations and Respondents

Survey Sample (Association) Profile

Source: Innovation in Associations Study

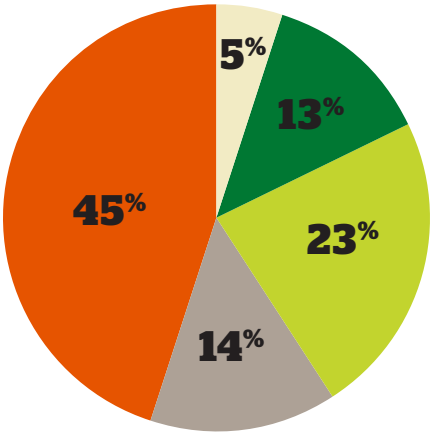
ASSOCIATION SIZE (EMPLOYEES)

- Very Small (1-9)
- Small (10-24)
- Medium (25-49)
- Large (50-99)
- Very Large (100 and above)



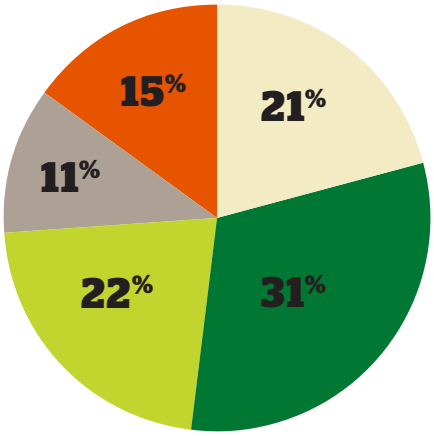
ASSOCIATION MEMBERSHIP BASE

- Very Small (1-99)
- Small (100-499)
- Medium (500-2,499)
- Large (2,500-4,999)
- Very Large (5,000 and above)



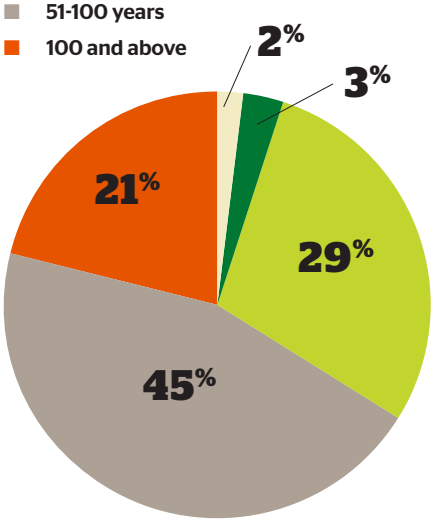
ASSOCIATION REVENUE ($ MILLIONS)

- Very Small (5 million or less)
- Small (5-9.99 million)
- Medium (10-19.99 million)
- Large (20-29.99 million)
- Very Large (30 million and above)



ASSOCIATION RAGE (IN YEARS)

- Less than 10 years
- 10-20 years
- 21-50 years
- 51-100 years
- 100 and above

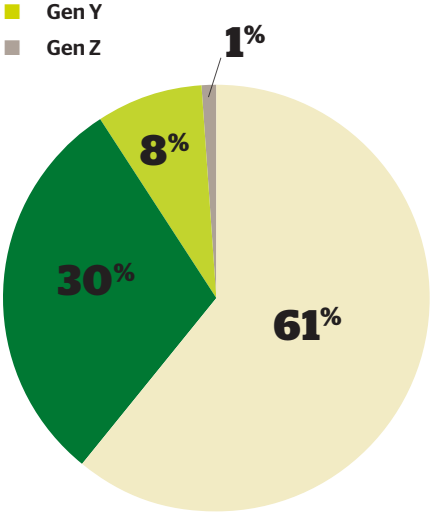


Survey Sample (Association) Profile

Source: Innovation in Associations Study

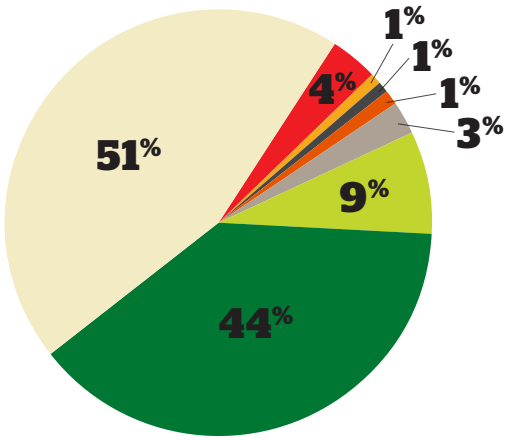
BOARD COMPOSITION

- Boomer
- Gen X
- Gen Y
- Gen Z



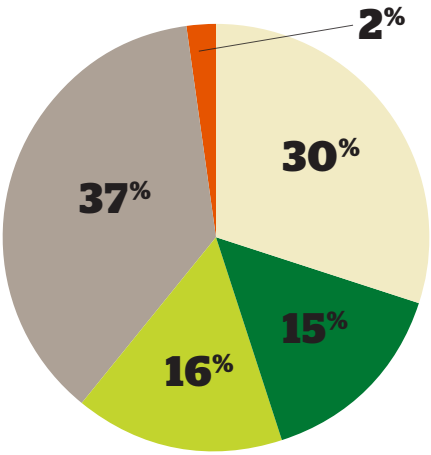
ASSOCIATION TYPE

- Professional
- Trade
- Combined (Majority Professional)
- Combined (Majority Trade)
- Philanthropic/Nonprofit/ Charity/Foundation
- Credential/Certification
- Association Foundation
- Other



ANNUAL INNOVATION SPENDING

- Very Small (Less than 10,000)
- Small (10,000-49,999)
- Medium (50,000-99,999)
- Large (100,000-999,999)
- Very Large (1 million and above)

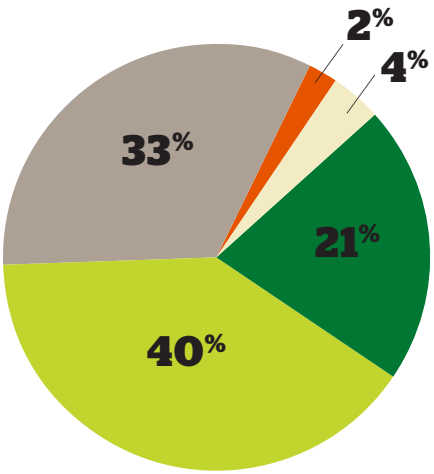


Survey Sample (Respondent) Profile

Source: Innovation in Associations Study

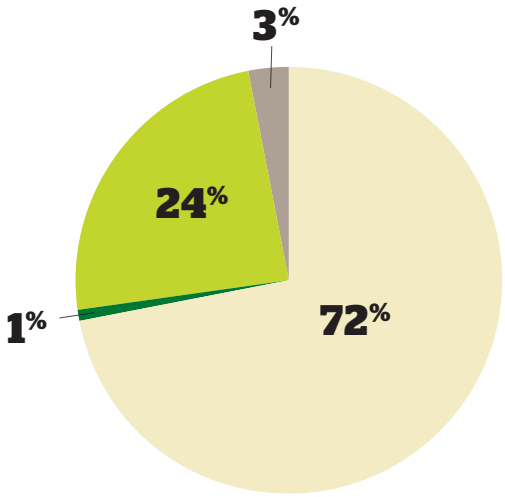
RESPONDENT AGE

- 39 or younger
- 40-49
- 50-59
- 60-69
- 70 and older



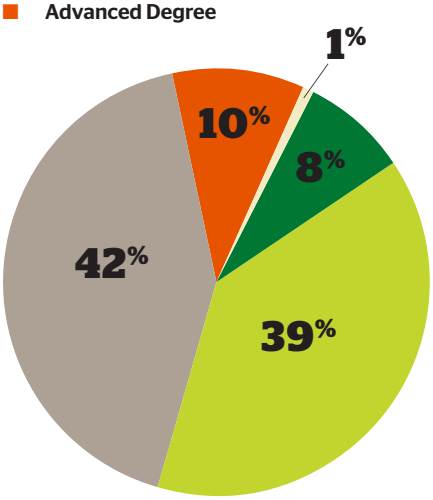
RESPONDENT POSITION

- CEO
- CIO
- Senior Executive
- Manager



RESPONDENT EDUCATION

- High School
- Some College
- 4-year Degree
- Masters Degree
- Advanced Degree



Appendix D: Preliminary Research Questions

1. Innovation Scope & Focus

RQ1.1: How do associations define (i) innovation, and (ii) innovative behavior?

RQ1.2: How do association members define (i) innovation, and (ii) innovative behavior?

RQ1.3: To what extent (frequency and scope) do associations engage in: (i) internal innovation; (ii) external innovation focused on members; and, (iii) external innovation focused on the industry they serve?

RQ1.4: To what extent do associations engage in different ways of innovation (e.g., process innovation; product innovation; business model innovation; experience innovation; etc.)?

RQ1.5: To what extent do associations engage in different types of innovation: (i) incremental/breakthrough; and, (ii) highly localized/organizational-level/ inter-organizational?

2. Innovation Success

RQ2.1: How do associations define innovation success or effectiveness (what are the metrics for innovation success) (for example, perceived value to members; financial impact; business model improvement; number of completed innovation projects; etc.)?

RQ2.2: How do association members define innovation success?

RQ2.3: How do associations rate on innovation success?

(a) Self-rating (perceived overall innovation success)

(b) Objective rating (e.g., innovation intensity; number of completed projects with greater than the projected ROI)

(c) Members' rating of their association's innovation success

3. Innovation Strategies/Practices/Capabilities (Exploration)

RQ3.1: How do associations identify innovation opportunities or problems? Do associations adopt a broader innovation agenda or is the problem identification more ad-hoc? What is the role of the volunteer leadership in this process?

RQ3.2: What are the strategies and practices that associations employ to define the problems or innovation opportunities? Are there specific forums or platforms established to facilitate the development of a shared understanding of the problem?

RQ3.3: To what extent are users (association employees, members, industry, etc.) involved in problem definition? To what extent do associations use contemporary mechanisms and technologies (e.g., crowdsourcing platforms) to enhance user participation in problem definition?

4. Innovation Strategies/Practices/Capabilities (Experimentation)

RQ4.1: How do associations perceive themselves with regard to innovation risk (risk averse versus risk tolerant)? How does their attitude towards innovation risk impact their (i) innovation focus and (ii) innovation success?

RQ4.2: What specific strategies/practices do associations employ to evaluate and manage innovation risk? To what extent do associations use these strategies/practices in different types of innovation projects (incremental/breakthrough; etc.)?

RQ4.3: Do associations engage in experimentation (testing & learning) prior to innovation implementation? Are there separate budgets allocated for innovation experimentation? Do associations establish (and use) specific infrastructure for experimentation? Are users involved in experimentation (i.e., is experimentation focused on "near real-world" contexts)?

RQ4.4: To what extent do associations incorporate innovation experimentation findings in their innovation decision-making process?

5. Innovation Strategies/Practices/Capabilities (Execution)

RQ5.1: What strategies/practices do associations employ to prepare for innovation implementation? How do these strategies vary with the nature/scope of the innovation project?

RQ5.2: Do associations employ a "solution template" strategy or a "one-solution-fits-all" strategy in innovation implementation? To what extent are users involved in developing the solution (template)? How do associations disseminate the solution (template)?

RQ5.3: To what extent do associations focus on the broader organizational or system-wide changes (e.g., complementary resources) to facilitate or enhance the success of innovation implementation?

6. Innovation Context

RQ6.1: To what extent is the volunteer leadership involved in (i) establishing the association's innovation agenda; (ii) identifying and/or executing individual innovation projects; (iii) evaluating innovation success?

RQ6.2: Where do associations fall on the continuum of the overall management/governance structure for innovation? (Note: the two ends of the continuum are (i) relatively closed, centralized, budget-controlled, top-down, etc. and (ii) relatively open, decentralized, bottom-up, opportunity-driven, etc.)

RQ6.3: How do associations rate themselves with regard to their innovation culture?

RQ6.4: How do association members rate their association with regard to the innovation culture?

RQ6.5: What are the other organizational-level (contextual) factors important for innovation success in the association community (size/resources, age, industry, IT infrastructure, etc.)?

Appendix E:
Focus Group Questions and Themes

The process for the focus group was a structured discussion around the following innovation-related questions and themes.

- Innovation Scope and Focus: What does innovation mean for associations? How do we measure innovation? What are some strategies/practices to enhance the innovation scope and focus of associations? (20 minutes)
- Innovation Culture and Capabilities: What are some of the key aspects of innovation culture that need to be promoted? What are some of the key innovation capabilities for associations? What are some strategies/practices to enhance associations' innovation capabilities and culture? (20 minutes)
- Innovation Management and Leadership: How should innovation be managed/governed in associations? What is the role of volunteer leadership? What is the role of CEO/senior executives? How should innovation efforts be funded? What are some best practices in this area? (20 minutes)
- Concluding comments (15–20 minutes)