

# Balanced Scorecards for Associations

The Balanced Scorecard was developed by Drs. Robert Kaplan and David Norton in 1992 to address a simple need: to develop and communicate organizational strategy to all stakeholders, to invest resources in line with the strategy, and to measure performance against the strategy.

Not-for-profit associations face tremendous challenges for successful performance. Unlike their for-profit sister organizations, not-for-profit association business and governance models and decision-making authority are often much more diffused and ambiguous. Organizational performance in associations may be subject to as many unwritten business rules as it is to written procedures. Association consistency and continuity are challenging, since key volunteer leaders typically rotate in and out of office every 1-3 years. Yet, associations have the same challenge as for-profit organizations to effectively and successfully fulfill their mission and vision, through their strategies and annual operations. Linking strategy and operations has never been more important to associations than it is today.

There are two major categories of associations: professional and trade associations. Professional associations typically consist of individual dues-paying members and exist to advance the interests of the profession and/or professionals. Trade associations typically consist of allied dues-paying organizations with common industry or functional interest. Trade associations typically exist to promote the industry or functional specialty, and collaborate on common issues such as standardization. Of course, some associations act as a combination of the two categories.

The challenges faced by both categories of associations are predictable: how to mobilize and unite a diverse collection of members and active volunteers; maintain continuity and effective performance over time, with key volunteer leaders changing every 1-3 years; provide value to members commensurate with their dues and other expenses; and continually demonstrate successful progress in support of the organizational mission and vision. While the business and governance models and processes of the two association

categories may differ, both categories of associations can meet these challenges by implementing the Balanced Scorecard Management System.

## Using the Balanced Scorecard to Maximize Impact

There are several levels at which an association can use the Balanced Scorecard to increase the success of the association as a whole:

- **Association Performance:** Advance the successful performance of the association as a collection of members to achieve the organizational mission and vision
- **Member Benefit:** Active volunteers and member organizations can plan and manage their individual strategy to align and support the association strategy
- **Collaborative Alliances:** Associations can form effective collaborative alliances with other organizations for mutual support of common, shared objectives, resulting in broad-based collaboration beyond an individual association

## Improved Association Performance

The Balanced Scorecard enables associations to become strategy-focused organizations, translating strategy into 24X7 operational activities and measurements. The Balanced Scorecard allows associations to transform their strategy from a once-a-year activity to a continuously flexible 12-months-a-year process that is well suited to changing conditions and to a diverse coalition of members and volunteer leaders. A few of the attributes which are particularly well suited for associations include:

- Focus on a shared strategy made explicit with the strategy map
- Short and long term strategy defined through cause and effect relationships among strategic objectives
- Focus on results and accountability through performance measures tied to each strategic objective

The Balanced Scorecard is a tool enabling associations to create consensus and focus on a shared purpose that unites

members in common purpose. The key to success for most associations is to include a broad range of management and members in the strategy development process, ensuring that a range of member perspectives is represented. Similarly, the on-going governance and operational processes must foster transparency and accountability such that all members understand and feel ownership of the strategy and performance against that strategy. This is the strength of the Balanced Scorecard.

Additionally, many professional associations have diverse regional or local units led by volunteers, with varying resources and performance capabilities. Using the Balanced Scorecard and cascading the strategy throughout the association allows regional or local units to understand the association strategy, and to best support it using their available resources and capabilities. The Balanced Scorecard not only helps unite diverse associations in support of organizational strategy, but facilitates communications, sharing of best practices, management of expectations and overall enterprise performance.

### **Enhanced Member Benefit**

Many trade associations strive to enhance the performance of their member organizations. If members are from a similar industry or specialty, the association can advance performance by creating a Balanced Scorecard template as a starting point for each member organization. The template provides the basic strategy framework and typical measures for the industry or function. The leadership team of the member organization modifies the template based upon their unique ability to support the association strategy. The same approach is also effective in individual member associations where the members and volunteer leaders may be organized by geography, functional interests or specialties.

### **Expanded Cooperative Alliances**

At first glance, the activities of associations may be perceived to be limited to the association and the borders of its active members. However, many associations are in a tremendous position to collaborate with other associations and organizations in support of common interests and shared strategy.

Imagine making the strategic change agenda available for other interested and related parties to see and share. A common vocabulary, shared objectives, and focus on a core set of outcome measurements supported by a broad-based focus on supporting driver measures would result. Using the Balanced Scorecard, effective cooperative alliances may be formed and managed. The impact would now be exponentially greater than even the largest association might otherwise achieve.

## **Conclusion**

Having an association strategy, and linking it to annual operations, is critical to achieving organizational success. Using the Balanced Scorecard to communicate the strategy to all stakeholders, to invest resources in line with the strategy, and to measure performance against the strategy enables associations to be more successful than ever—and over extended periods of time. The Balanced Scorecard can even help associations make a difference beyond their normal member boundaries by enabling external partnerships in support of common strategy, execution and reporting.

### **To Learn More**

The Balanced Scorecard has been the subject of four articles in the *Harvard Business Review (HBR)*; two best-selling business books that have been translated into 19 languages; and numerous case studies and public conferences worldwide. The editors of *HBR* identified the Balanced Scorecard as one of the most significant management ideas of the past 75 years.

Learn more about the Balanced Scorecard and join the global Balanced Scorecard community at [www.bscwiki.com](http://www.bscwiki.com) and [www.bsccommunity.com](http://www.bsccommunity.com).

### **Ascendant Strategy Management Group**

Ascendant Strategy Management Group is a professional services firm dedicated to helping associations, foundations, government agencies, and charities drive breakthrough results with the Balanced Scorecard. Founded by professionals with more than 30 years of combined work experience with Drs. Kaplan and Norton, originators of the Balanced Scorecard, Ascendant is uniquely qualified to help organizations manage strategy.

Ascendant offers training, consulting, facilitation, and technology services to clients directly or via a Collaborative Network that encourages group knowledge sharing, learning, and networking. With a singular focus on strategy management, Ascendant's goal is to transfer knowledge and capabilities to improve the management capacity of the not-for-profit sector.

Please visit our website and read Ascendant Strategy Management Group's blog at [www.ascendantsmg.com](http://www.ascendantsmg.com).