

THE CHIPS ARE DOWN AT NACHO

What do you do when your strategic plan isn't nearly strategic enough for the challenges your association is facing?

By Jeff De Cagna

With commentary by Virgil Carter and Nancy Green, CAE

Lesley “Bud” Light leaned back in his chair, closed his eyes, and tried to think. But he couldn’t, because sitting there in the center of his desk, mocking him, was his association’s most recent strategic plan. The plan was still in the same gold-embossed leatherette binder the consultants had given to him a year earlier—an unfortunate but apt metaphor, he thought, for the bind in which his organization, the National Association of Chief Happiness Officers (NACHO), now found itself. Just as he had feared, the plan had become little more than decorative “credenza-ware,” and now the chips, so to speak, were down.

And the consultants' process revealed no inkling of the need for change just one year ago? Some strategic conversation THAT must have been.—Nancy Green, CAE

This case proves, once and for all, that even the best quality chips go stale without proper care and constant attention. And we all know the fate of stale chips.—Virgil Carter

Bud should be letting the data and results do the talking. How has the revenue picture changed since this international expansion? What is the potential here—in hard numbers—for future growth?—Nancy Green, CAE

What happened? A number of things deserve attention, including improving communications and working relationships with volunteers, strategy as a 24/7 activity, and an agile infrastructure to deal with unanticipated events.—Virgil Carter

Sounds like it's Bud who stepped in the bean dip! Did he lay the groundwork—with the consultant or the board—up front? One might observe that 10 years of steady growth has made him a bit complacent.—Nancy Green, CAE

An obvious issue is that change has been a staff issue. There has been no participation or advocacy by volunteers for change. It appears that the plan was the one-time work effort of an external consultant and staff, rather than an ongoing annual process involving volunteer leaders and staff. It also appears that there has been a classic failure in change management: That is, 1) a sense of urgency for change was not established; 2) a powerful guiding coalition was not formed; 3) there was no compelling vision; 4) there was no communication of a vision for change; and 5) no one, other than staff, was empowered to act.—Virgil Carter

Where are Bud's allies on the board, and when were they brought into the conversation? If anything, the chair of his international outreach task force (if he doesn't have one, he should!) should be making the case for these initiatives, not Bud and his staff. And "energy around ideas?" That and 10 bucks will get you a plate of nachos in a good sports bar. A good business case and early buy-in would have helped Bud avoid these surprises.—Nancy Green, CAE

Trend data from similar organizations, customer buying information, and models for successful growth would be helpful here to offset the opinions of one leader, and so would the views of a well-respected champion for change!—Nancy Green, CAE

Why is this significant situation only now coming to light, in reaction to the board's lack of interest in change?—Virgil Carter

The "us and them" undercurrent between board and staff seems to be choking any chance for good decision making. This dynamic needs to be addressed, but in the meantime, tap into new and influential leaders to turn the ship!—Nancy Green, CAE

Bud might well give thought as to how he allowed the situation to degenerate into a "staff plan versus board plan" situation, particularly if he has long-term employment plans with NACHO.—Virgil Carter

For most of his 10 years at the helm of NACHO, the association had enjoyed steady, if unremarkable, growth. When he joined the organization in 1998, just in time for its 30th anniversary, he had seen a lot of potential. And now NACHO was a \$10 million association with 32 staff, 21,000 individual members in the United States and Canada, and 500 organizational members, mostly consultants serving the field.

A Memorable Debate

In the year 2000, at Bud's urging, the NACHO board decided to expand outside of North America by forming European and Australian affiliates. Bud had been pleased to see those groups attract 2,000 individual members in the years since. He honestly believed that more outreach was possible, but he hadn't yet been able to persuade his board to approve additional efforts.

In fact, it was the cacophony of a disastrous board strategic planning session more than 18 months before that was ringing in his ears as he turned the pages of the entirely too-long and mostly irrelevant plan document in front of him. "We really stepped in it on this one," he said to himself while shaking his head in disgust.

At that meeting, held on a crisp and clear autumn day in San Francisco, Bud had proposed three new strategic initiatives to the board: a bold effort to create a truly global community of chief

happiness officers on the web, a targeted outreach project to organize affiliates in the BRIC nations (Brazil, Russia, India, and China), and a proactive overhaul of NACHO's products, services, and experiences to make them more attractive to an increasingly diverse audience both at home and around the world. He remembered vividly the energy that he and other staff felt around these ideas as they traveled from their headquarters in Reston, Virginia, to California.

The NACHO board, however, did not share their enthusiasm for this new strategic direction. One board member in particular had been vocal in his arguments against the new initiatives. Chip, a long-time chief happiness officer and active association member, argued that the pace of the changes contemplated by the three initiatives was too fast, even for a comparatively young association. His chief concern, he had said, was the potential membership losses among those who had been with NACHO from the very beginning. As he repeatedly insisted during the meeting, he didn't want to do anything that might diminish NACHO's unique value.

Chip's years of service to NACHO had earned him great influence with other board members, and they quickly embraced his perspective. Bud had tried to explain the need for the new initiatives in the context of the disturbing trend lines the association had been tracking. Membership dues payments were declining, as was attendance at GO NACHO, the association's annual meeting. By themselves, these two activities had historically produced more than half of NACHO's revenues, but that percentage was now trending down. Other activities, such as the association's publications and quarterly educational conferences, were dramatically underperforming and generated insufficient revenues to compensate for dips elsewhere. "We need to act," he implored the group, "because we are looking at the beginning of what could be the most significant financial downturn in NACHO's history."

The discussion had been spirited, and mostly productive, although Bud was vexed by some of the factually inaccurate (and occasionally idiotic) criticisms the board had lobbed at the strategic directions proposed by the staff. Ultimately, Bud's financial arguments failed to move the board, and they chose instead to pursue the go-slow approach advocated for by Chip, who succeeded in convincing the board that the best way to address the association's emerging problems while staying true to cherished traditions was to help long-

WHAT WOULD YOU DO?

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Where should Bud, and NACHO, go from here? Visit *Acronym*, ASAE & The Center's blog, to give your thoughts. Join the discussion at http://blogs.asaecenter.org/acronym/case_studies.

standing members reconnect with NACHO by shoring up the association's existing brand. The entire strategic plan was built around this concept, which called for a more proactive public relations effort around the importance of happiness. From the NACHO board's point of view, this was the right way to go. Bud left the meeting unconvinced, deeply disquieted, and actively contemplating his next steps.

Bad News

Bud was startled out of his deep thoughts on the San Francisco meeting by the blare of his ringing BlackBerry. He pulled the phone out of his jacket pocket and, recognizing the ring tone, answered it immediately. "Hey, Dor," he said half heartedly, "what's up?" But even before Dorothy Ito, NACHO's senior vice president for strategic initiatives, could begin speaking, Bud realized the news was not good.

Just three months after what the staff quietly dubbed "The Debacle on Nob Hill," all hell broke loose in the happiness world. On New Year's Day,

nearly everybody of any standing in NACHO received a somewhat breathless and urgent email from Dorothy announcing the forthcoming launch of Be Happy Don't Worry (www.behappy.ws), a web-based community targeting chief happiness officers, consultants, and others in the field.

Although a site of this type had been rumored to be in the works for some time, no one could ever confirm the truth of those rumors, so Dorothy's email caught everyone by surprise, including Bud. Even the way Dorothy found out about Be Happy was a surprise, and perhaps somewhat fortunate. Dorothy lived in California, working out of NACHO's West Coast office. She got the news about Be Happy from a venture capitalist friend she ran into at a New Year's Eve party in Palo Alto. The friend's firm was considering an investment in Be Happy, and he thought Dorothy might be interested in consulting with his firm to review the funding proposal.

Bud can still remember what happened next as if it were yesterday. Even though he was

What about considering a strategy that builds on NACHO's strong past, while anticipating a vibrant future? There's a middle ground here that the leaders and staff just aren't seeing.—Nancy Green, CAE

Even the best scanning and planning process cannot anticipate every eventuality. Thus, there is the need for an agile infrastructure to respond quickly to unforeseen situations.—Virgil Carter

After "The Debacle at Nob Hill," Bud needed to quickly shore up his alliances and his case for change. He's still caught flat footed here, because he can't step in with the facts. Sounds like the board is out of touch—can Bud use key data points to convince them? What do members value, and why do they join?—Nancy Green, CAE

Bud needs to find better ways to connect the past to the future. How can some of these new directions build on the success of the past? For example, can a strong public relations and outreach effort—so valued by the board—be expanded to include a web-based, community-building effort? Bud's ideas, and his board's, need not be mutually exclusive.—Nancy Green, CAE

This is an odd circumstance and should encourage NACHO to undertake a "voice of the customer" process, leading to re-examination of the NACHO value and benefit model.—Virgil Carter

concerned about the implications of the Be Happy launch, Bud also felt a certain level of excitement about it because he was confident that the emergence of this new competitor would shake up the NACHO board and force the leadership to see the reality of the situation in the marketplace. So after reading Dorothy's email, he immediately reached out to NACHO's board chair, Joe Guarino, to discuss the steps the association should take.

But Joe had been very clear in his response: NACHO shouldn't do anything except monitor the situation as it unfolded. Bud was simply stunned by this, so much so that he had to summon everything inside him to get a coherent question out.

"Why do you believe that standing pat and monitoring is the right strategic action for NACHO?" he asked. And in words that had come back to haunt the organization, Joe replied, "Because we've seen this before, and I don't think it will amount to anything. We need to keep our eyes on the strategic plan we launched in San Francisco. We can't afford to get distracted by the trivial and irrelevant."

Trivial and irrelevant. HA! Joe's words echo in Bud's ears anytime someone mentions Be Happy, which feels like just about every conversation these days. In the first 12 months following the site's launch, Be Happy already had grown to 15,000 "contributor members," a figure that includes a substantial overlap with NACHO's membership. (For comparison's sake, NACHO didn't reach the 15,000-member milestone until 1987.) A growing number of NACHO's consultant members, who have been major content contributors for the association, are now collaborating exclusively with Be Happy because of its more open policies on compensation and ownership of intellectual resources. *So much for trivial and irrelevant*, thought Bud.

No Sale

"Bud, it doesn't look good," Dorothy said from the other end of the line.

Bud expected this update—and had been dreading this conversation with Dorothy the whole day. "Tell me everything," he said to her with a tone of resignation.

"Well, the bottom line is that Be Happy has no interest and, quite frankly, no incentive to sell to us," she said. Three months ago, when the NACHO board began to appreciate the real threat presented by Be Happy, it asked Bud and Dorothy to investigate the possibility of a buyout. Through her VC friend, Dorothy had arranged a meeting

with Be Happy's founder, Steve Franklin, to explore the issue.

"Steve is a typical 20-something web entrepreneur," she said. "He's excited and he thinks he can do no wrong. It's a dangerous combination. He was very polite throughout our conversation, but I couldn't shake the feeling that he was ..." She paused for a moment, searching for the right word.

Bud interjected quickly. "Mocking you?" he asked.

"Exactly," she replied.

"I know how you feel," Bud said. "Thanks for checking in with me, but I need to get home. Let me call you from the car in 15 minutes."

As he hung up the phone, Bud's mind was racing. "How did we get here?" he asked himself. Be Happy was on the ascent, while NACHO appeared to be heading for an even deeper decline than anyone imagined, especially if the board continued to believe that it can create the future by living in the past. Bud knew in his bones that the current NACHO business model, which had served the association and the happiness community well for many years, was in desperate need of a significant upgrade.

Bud settled into his car for the long drive home, and began thinking about the conversation he was going to have with Dorothy. "Where do we go from here?" he thought. "Perhaps Dor will have some different thoughts. We need inspiration. We need imagination. We need innovation. And we need to find them now, because now the chips are down." **an**

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The flavor of NACHO sours while the world moves on to other appealing nourishment.—Virgil Carter

Why not partner? Surely NACHO "owns" great content in this niche. Can't they find a way to leverage it with this new community?—Nancy Green, CAE

Certainly a shot across the bow for NACHO, but all is far from lost.—Nancy Green, CAE

What to do? The situation appears serious, but not fatal. Suck it up, and reconsider how to successfully (and quickly) approach change management and get the needed results. Find influential members/leaders, working with staff, for successful change management, steps 1-5, above. Needed change includes addressing strategic initiatives and the unanticipated web competition. It should be easier to demonstrate need and urgency now more than ever before. Don't stop with a single conversation with the board chair.—Virgil Carter

Yes, it's time for Bud to take action, but not by using his "staff know what's best" strategy for shaping change. Bud's leaders need to own the change. It's up to Bud to be a facilitator for helping the board see how much they have to gain from taking new directions—not by throwing out past success, but rather building on what NACHO does well to step boldly into the future.—Nancy Green, CAE

They need knowledge and experience. Staff and volunteers should read John Kotter's classic, *Leading Change*.—Virgil Carter

If the volunteers are really uninterested in addressing needed changes, it may be time for the CEO and senior staff to learn from the situation, update their resumes, and make a move while they can.—Virgil Carter

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