



External Reviews improve associations

By John Peacock, CEO, Associations Forum

Independent expert analysis of an association via an External Review allows a fresh perspective that will boost the effectiveness of an association.

One of the magical aspects of associations is that many of them are very much the same - yet also completely different. Certainly, the causes pursued are distinct, ranging from avocados to banking, construction, dentistry, education and zoology. However, what many associations, societies, clubs and institutes have in common is that they have a mutual membership base, cannot distribute profits, and are run by a usually unpaid Board of Directors, mainly from within the membership.

The difference is that each association or society does things in its own way. Referring to staffing as an example, some organisations with AUD\$10,000,000 in equity have two members of staff, whilst others with AUD\$100,000 also manage to employ two people. Which is the right scenario?

External Reviews give Boards and CEOs independent feedback on their association. Some of the typical findings include:

- ◇ **The structure is problematic.** For example, federations of state and territory bodies, with a federal entity as well, are less efficient and effective at delivering member services than single entity organisations.
- ◇ **The constitution is out of date or inconsistent.** This is the key governance document and an initial bad sign is when it is called "Memorandum and Articles of Association", which is terminology discontinued nearly 20 years ago.
- ◇ **The association does not have clarity of direction.** Some associations do not undertake a simple annual Planning Day to confirm what needs to be done, who needs to do it, and when.
- ◇ **Staffing expenditure is not optimal.** Associations Forum supports the concept of engaging and empowering staff to run an association, yet sometimes the wrong people for the job are employed, or those people hired are not well managed.
- ◇ **Technology is insufficient for the needs of the association.** Whilst quality staff are necessary, so is investment in modern and functional software and hardware.
- ◇ **Not making enough money.** "Not-for-profit" is a misleading term because an association must make and retain profits. An External Review needs to suggest ways for greater profitability.
- ◇ **The culture of the association is not cooperative or proactive.** This problem results from a lack of leadership by the Board or CEO and can be resolved by changes in personnel – sometimes unscheduled or unexpected.

The experience of Associations Forum is that our External Reviews are well received because the association engaging us is genuinely keen to hear and read our independent viewpoint.

Factors in a successful External Review include:

- ◇ **The reviewer must understand associations.** Management consultants from the corporate world will not understand the context and nature of mutual membership organisations. Relevant experience always counts.
- ◇ **Willingness to share information and be open.** As the reviewer is given confidential access to opinions from a variety of angles, it is important that people be frank in their input. Fortunately, this usually happens willingly because interested parties wish their observations to be understood.
- ◇ **Reading the right documents.** A reviewer will have fresh perspectives but needs induction. Fortunately, associations leave a paper trail of documents and reports that can explain what is happening and why.
- ◇ **The reviewing consultancy needs to have internal peer review of the findings.** Whilst associations are unlikely to appoint a reviewer who has not been an association practitioner, it is valuable to know that the reviewer will reconfirm findings with consulting colleagues.
- ◇ **Practical recommendations are required.** As well as telling the story of what they have found, the reviewer needs to be clear in saying what should happen next.
- ◇ **Recommend the achievable and hint at the ideal.** External Reviews add little value if they do not have any chance of being implemented, so practicality and realism are needed. However, there is an opportunity to 'sow the seeds' of the best possible situation and these ideas are often taken up a few years later.

External Reviews are a key component in the change process of improving an association. Associations that wish to make changes are encouraged to undertake an External Review because the document gets attention and must be acted upon. The recommendations are a challenge to a CEO or Board to act on sensible, evidence-based changes - or become less relevant to their members.

Optimistically, change management that springs from an External Review usually works because the logic of good advice is understood by the majority of members. However, members need to be widely and respectfully consulted over a period of time to ensure that preconceptions and misunderstandings can be overcome by patiently delivered common sense.

As Associations Forum has had numerous successful client outcomes from undertaking External Reviews since our establishment in 2004, we are confident that associations will benefit from the wisdom of experienced advisors. Stagnant associations have little future in a fast changing and demanding world.

Associations Forum has undertaken a number of External Reviews since 2004. Please contact John Peacock, CEO, Associations Forum on 02 9904 8200 or jpeacock@nfp.net.au with any queries in this regard. ◊