American Associations: History, Structure, Governance, Financing, Services and Processes

Bob J. Holder
ACDI/VOCA-Saratov

I. Introduction

While Americans pride themselves as being individuals, the facts suggest they are also very social. This is expressed in the American tradition of associations. American associations began before the Revolutionary War. They were formed to address public or community needs. Some, such as the freemasons, were secret associations brought from Europe.

Some community volunteer associations have, through time, become formalized and governmental. Firefighters are an example as are park and library districts.

II. Purposes

Associations are formed for any number of purposes. They maybe: (1) formed to improve the community, (2) provide a service, (3) address a shared problem, (4) advocate the social, political and economics of a group of individuals with a shared interest, (5) support professional development and (6) develop, implement and operate a specific project or program.

III. Founding and Development

Most begin through "sweat equity," fundraising and donations. The thrust is not to get money. It is to make money. Founding board members and general members donate their time, energy and talents. This ranges from "bake sales" to professional service contributions. Donation maybe office space at a local university or professional office. The major thrust is membership recruitment through association promotion of benefits and/or community, professional and/or member interests.

The core expands to where there is a need for formalizing. This causes a "crisis." A new organizational and managing form is needed. Committees need to be formed. Officers elected. Policies and procedures need to be established. If this takes place, the association begins to create chapters and a regional structure. A part-time executive director maybe hired.

IV. Association Longevity

Association "staying power" varies greatly. Some begin and die. Some begin, complete a specific purpose and die. Some have long histories. Core reasons for death occurring are: (1) the principle of "free association," (2) loses of member interest and energy, (3) project completion or problem solution, (4) inability of the organization to develop because of member politicking, inability to "jell" as team and/or lack of managerial, team and organizing competencies, (5) tragedy of the commons, (6) burden shifting, (7) poor organizational systems and/or inability to change and learn.

V. Association Types

Associations range from small neighborhood volunteer organizations to thousands of members and million-dollar budget organization such as AARP and the NRA. There are business associations such as the Chamber of Commerce. There are also associations of associations with governmental units. A community economic development association is an illustration. It maybe composed of chambers of commerce, local governments and a university. There are also middle size associations. They tend to be professional organization associations. They have paid staff. They have budgets ranging from $500,000 to a million dollars. They provide members with services ranging from insurance to professional education to business consulting services to Internet pages and e-mail. They may also, to a limited extent, engage in "lobbying" activities and provide elected officials with public policy research.

VI. Structure

A board of directors governs associations. They are elected by the at-large membership. Boards provide vision, policy and direction. They review and approve budgets. They select the executive director.

The typical structure is a national association, regional sections, and local chapter. There are also special interest groups. The national association has a small staff ranging from 3 to 10 members. Staffing and administration may also be contracted out to a firm specializing in operating association.

The regions serve only as a source of representation. They are elected. They are national board members. They represent the region's chapters. However, some have regional boards, which seek to coordinate regional activities and projects.

Local chapters also have an elected board. They have no paid staff. They are composed of elected volunteers. Committees conduct Work. Elected vice presidents led these committees. Members volunteer to serve on them. They include: (1) member services, (2) publications, (3) special projects and (4) finance. They also have "special interests." They may or may not have a board. They tend to have a coordinator who organizes conferences, workshops and professional meetings. Most have newsletters. Advertising is sold. Articles are written by members or are reprints.

The board may also emeritus members. These are recognized experts in the field. They have made past contributions; that is, they have directly contributed to association development and/or success. They have no authority. They don't participate in meetings. They don't make policy. It is an honorary position. They may provide advice and assist in securing funding.

Some may establish an academy. They tend to be composed of distinguished professionals and/or "high profile" stakeholders. They communicate creditability. They may be of direct or indirect financial and/or membership development. They can be chosen and recruited. Paul Allaire, Xerox Chairman and CEO, is, for example, a member of the AQP academy. He is a quality champion. Seeing Paul's name impresses since Xerox is a successful and wealth corporation. It also communicates to other executives; "This is a credible organization."

Both national and chapter and when they exist, regional, board meetings tend to be operated by "Robert’s Rules of Order" that is a book of parliamentary procedures. The board makes decisions. This is done by a "call" or a motion for a vote. Decisions are based on the majority. There is debate before most decisions. The president "facilitates" rather than ruling board meetings.

VII. Dues Structure

Most associations have both a national and chapter due’s structure. There tends to be three categories: (1) organizational, (2) individual and (3) student. It is possible to join a local association and yet, not the national. Local dues are much lower than the national. Dues tend to range from $1000 to $500. for corporate or organizational members to $125. to $85. for individuals. The student rate is usually much lower. Chapter dues range from $20.00 to $35.00.

VIII. The Functions of Association Boards

Boards perform two functions. The first is organizational support and development. The second is governance. The support function involves fund rising, cultivating beneficial contacts, providing special skills such as law, accounting and finance, bring "clout" and acting as an ambassador to the community. The board's purpose is to support organizational success.

The second is governance. The board provides and/or facilitates "shared vision," purpose, mission, goals, values and norms. It establishes and/or approves policies and procedures. Governance also involves questioning, monitoring and evaluating. Questioning means inquiring about purpose, vision, goals and values. It involves questioning whether the association represents member and public interest. Monitoring ensuring compliance with legal requirements, maintaining financial accountability for the expenditure of funding, ensuring policies and procedures are followed and plans enacted. Evaluation involves assessing whether the organization is achieving its goals and producing desired results. It is also discovering the "roots" causes of why goals and results aren't being achieved and supporting corrective plan development and implementation.

Both functions must be performed for organizational health and development. When the board doesn't support the association it tends not to develop. This is extremely critical when the association is largely volunteer, lacing staff. Why? First, it sends a message to the members and community that, "We don't care about the association. We are just here for our own interest." Second, it overloads the executive director who as a volunteer is quickly overwhelmed. Finally, the association does not secure necessary resources and dies.

Poor governance leads to a lack of direction, plans, structure, accountability and poor performance. Results and outcomes aren't produced. Association resources and energy are scattered. The core reason for poor governance is conflict avoidance and lack of inquiry. Board members see conflict as "bad." They want to get along. The result is critical issues and problems aren't "surfaced." They aren't addressed. The association goes into crisis. It may decline and/or die.

Conflict is, in fact, health. It suggests people are courageously dealing with "tough issues." They have a commitment to seeing "current reality" and the truth.

Conflict can be worked with productively. This involves balancing inquiry with advocacy. These are learn able skills. They are exhibited by healthy association boards.

IX. Board Quality

Boards range from strong and responsible too weak and irresponsible. The latter tend to shift the burden of responsibility to the executive director. They just "rubber stamp." Weak boards also avoid and/or don't confront issues when they know they exist. They may talk amongst themselves. However, there is the absence of open discussion. They don't problem solve. They wait for a "white knight." They may engage in "blaming." They "talk, talk" without coming to closure for action. They never assume responsibility. They externalize.

They never problem solve.

High performing boards tend to have purposing leadership. They engage in activities, which continuously clarify and communicate the purposes of the association. They have "focus;" that is an agenda of activities to be performed to improve the organization. Board members have strong feelings of "love," devotion and commitment to the association. They devote both a large amount of micro and macro time to it. Micro time involves continuously thinking about and working at improving the association. Macro means a long-term commitment to it.

X. Funding and Revenue Raising

Most American associations are self-sustaining. In other words, they aren't dependent on external support. They may seek out government, corporate and foundation funding for special projects.

Revenue sources include: (1) member dues, (2) service provision, (3) publication advertising and sales, (4) membership list sales, (5) trade show and conference, vendor and supplier advertising, both, sales and (6) fee for services to members and nonmembers through alliances with other organizations. Nonmembers are charged a higher rate for services, publications, training and educational events and conference attendance.

The goal is for revenues to exceed expenses; thereby, creating a surplus. This surplus is re-invested in association development. It is not redistributed to members. Re-distribution is analogous to eating the association's seed for planting the next harvest. When done, there is no next harvest.

XI. Services

What member services are provided? It depends on the association and its purpose, vision, mission and members. Most provide educational information, a resource center, specific training and an annual, if not quarterly national conferences, informative newsletters and publications, volunteer projects where members help others, consulting services for business and professional development and certifications. They may form alliances with private companies to provide services. Insurance is very common. This maybe personal, professional liability and/or business.

Another service, a core for many large associations, is representing member interests in the political arena. This may involve lobbying local, state and national political leaders and officials. Paid lobbyists are not uncommon for large associations. They have offices in Washington D.C. and/or state capitals. In fact, numerous large associations are located in Washington. It may also involve providing public policy research and information too national, state and local leaders. They may directly support or oppose candidates for office or re-election. This is done through "mass advertising. They also inform members of the policies, legislation and regulations which effecting members. They may provide form letters to send to congressmen, senators and the president. They provide such information in the form of policy position and voting records for candidates running for office or re-election.

Chapter services tend to include: (1) newsletters, (2) an annual conference, (3) ongoing training and (4) special professional development events. The principle service is creating time-space for members to learn from each other and from outside speakers. Members, for example, may attend a workshop and/or conference. They will conduct a workshop and/or presentation for other members. This is done for free. It is used for marketing when the person is a consultant and for professional prestige when not. There is typically a fee charge for such an event. The fee covers dinner or a small meal. It is also used to finance the chapter.

XII. Budgeting and Finance

Large and small associations have budgets, accounting and auditing systems. They keep books. Expenses and revenues are documented and accounted for. Large and mid-size associations are annually audited. The audit findings are published.

Budgeting varies with size and association culture. The executive director prepares an overall budget based on budgets from staff members. The board reviews and approves the budget. The treasurer who heads a budget committee does budget analysis and review. Budgets are discussed at board meetings, which are "open to members." Income statement and balance sheets are published.

XIII. Strategic Planning

Many associations engage or have engaged in strategic planning. They have mission, purpose and vision statements. They have specific goals, objectives and action plans. They publish them in brochures, publications and web sites.

Committees and/or teams are established to create and implement goals, objectives and action plans. Committees and teams submit budgets and/or are allocated funds.

The nature and sophistication of strategic planning vary. Some limit it to board and staff. Others include members and stakeholders. Some hire strategic planning consultants. Some secure volunteer consultants. They work with the board and/or the executive director in developing a strategic planning process. They also facilitate strategic planning conferences or retreats.

XIV. Association Membership

Association members tend to fall into six categories. First, there are "committed members." They have vision. They want it to come about. They will make it happen. They create the game, "the rules of the game" and have a deep passion.

Second, there are "enrolled members." They support the vision. However, they are followers. They need leadership. They will do whatever is required within the rules of the game.

Third, there is "genuine compliance." They see the benefit. They do what is expected. They may do more. They follow the "rules." They are "good members."

Fourth, there is formal compliance. This is the most common type. They see the benefits. They comply with the requirements. They pay dues. They attend meetings. They may or may not vote. However, they do no more.

Fifth, there is "grudging compliance." This person sees no real benefit. However, they stay because it is expected and/or has dues paid by their organization. They will complain. However, they will not present solutions. They have no passion and low energy. They will look for a way out. This maybe through "belittling the association" while making themselves look good. "I am competent. They are fools."

Sixth, is noncompliance. They don't see any benefits. They refuse to comply. If they stay members, they look for ways to avoid contributing. They drop out.

Finally, there is apathy. They just don't care. They join. However, they can care less about the association.

The first two are critical to "free association" association development. They are the founding members who make "it happen". Genuine compliance and formal compliance members join next. They are fuel revenue, dues, growth and membership expansion. Finally, the others join.

Members can change with time. They may go from enrolled and genuine compliance to "grudging compliance" and apathy. They begin to see a lack of benefits and/or their expectations are not meet. They tend not to do anything and will drop out.

It is also not uncommon for new members to join, see issues and problems and/or have a renewal vision. They have passion. They want the vision to be enacted. They create a new game. They may be seen as a "threat" by those in change or in power. This is extremely valid when board members are in "contentment," "denial " and/or see them as competitive leaders. They will be told formally and/or informally to leave or will be "forced out."