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DEVELOPING A STRATEGY BASED BUSINESS PLAN FOR BUSINESS ASSOCIATIONS

Association Workshop Report

April 2, 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by William Krist of Plexus Consulting Group, LLC, a SABEQ subcontractor.

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Association Workshop Report

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND
QUALITY (SABEQ)

CONTRACT NUMBER: 278-C-00-06-00332-00

BEARINGPOINT, INC.

USAID/JORDAN ECONOMIC OPPORTUNITIES OFFICE (EO)

APRIL 2, 2008

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DELIVERABLE NUMBER: 6.3.5.A.2.18.1 STRATEGY-BASED
BUSINESS PLANNING WORKSHOP

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DEVELOPING A STRATEGY BASED BUSINESS PLAN

By William Krist¹

These notes accompany the set of overheads presented at two workshops held by SABEQ (Sustainable Achievement of Business Expansion and Quality), a USAID supported project in Amman, Jordan. The workshops were held on Sunday and Monday, February 24/25, 2008, and Tuesday and Wednesday, February 26/27, 2008 in the SABEQ offices in Amman, Jordan. In conducting the workshops, the group also conducted a simulation exercise in developing a strategic plan for the "Widget and Gizmo Association of Jordan (WAGA)." This simulation model is available in Attachment A to these notes.

INTRODUCTION

Business associations face many unique challenges. While they are called "non profits", they have to be very aware of their revenue and expenses or they will go out of business just as any company would. To be viable, they need to pay attention to the products and services offered and to recruitment and retention of members.

A good approach to developing your strategy based business plan is to first conduct good impartial market research regarding the products and services your association now offers, and what products and services your industry needs. Armed with this, the key leaders of your organization, both Board members and top staff, can identify the organization's strengths, weaknesses, opportunities and threats, and identify customers, stakeholders and competitors. This group can then develop the mission statement, the key goals that need to be achieved to fulfill the mission and the objectives that have to be accomplished to achieve the goals. These elements constitute the organization's strategic plan.

From this the people directly involved in implementation (senior executives and managers) can identify the specific tasks that need to be accomplished to achieve each objective, and who will be responsible for each task and by when. This group will need to consider available resources and ensure there are no conflicts in work schedules. This will then become the organization's business plan to achieve the strategy.

Developing a strategy-based business plan for an association is a time-consuming process that will take some time to complete. But the pay off will be an organization that is better differentiated from competitors and one that is operating at a higher level; it will be an organization where top management and operating units are working toward common goals.

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In approaching strategy-based business planning for business associations, we will first look at the unique role of business associations, i.e., the reason they exist. Then we will go through the development of the strategic plan. The association's business plan will flow from this strategic plan. Since most business associations offer products and services to their members, engage in policy advocacy to promote a favorable business environment for their industry, and have to recruit and retain members, these three critical areas will then be reviewed. From this, we will consider development of the business plan - the specific tasks that need to be done to achieve the objectives, goals and mission set out in the strategic plan. Finally, we will consider how the plan is presented to stakeholders, and what needs to be done to ensure the organization stays on course to implement the plan.

THE WORLD OF TRADE ASSOCIATIONS

Unlike "for profit" businesses, associations cannot issue stock to raise capital, a fact which also makes it somewhat harder to borrow. This means that business associations have to pay very close attention to revenue and expenses and maintain sufficient strategic reserves for emergencies. While business associations are called "non profits", it can be argued that because they don't have the ability to issue stock and because borrowing is difficult, they have to pay even closer attention to revenues and expenses than does a "for profit" business.

Business associations exist to solve what economists call "the public goods" problem. That is, associations exist to undertake activities that are beneficial for the industry or society, but which are unlikely to be undertaken by a single company or person because the benefits would go to many while the costs would be borne by just one. Because associations are deemed to have a quasi-public purpose, in most countries they are generally tax exempt.

Another major difference between a business association and a for-profit business is that associations rely on volunteers. Even associations that have a large professional staff rely on volunteers to some extent, and these volunteers often represent the association in public, particularly in advocacy roles.

Because business association members are also competitors, business associations have to be cognizant of anti-trust laws. While companies can work together for the common good in the association context, they have to be very careful to avoid any discussions that get into product pricing or other anti-trust concerns or take any actions designed to disadvantage a competitor.

Because members have competing interests, business associations must have a process for building consensus, and nowhere is this more important than in developing the organization's strategic plan. Without an agreed upon strategic plan that defines the organization - both in terms of what it will and what it won't do - a business association can easily be pulled in all directions under pressure from members with their own unique interests and agendas.

As noted, business associations vary from country to country. For example, membership is voluntary in all U.S. associations, and associations do not generally receive support from the government, except for occasional, very

short-term grants. The members elect the Board, and the staff is responsible to the Board.

In Jordan, business associations are relatively new. Membership is generally voluntary, except that all companies have to belong to the Jordan Chamber of Industry and the Chamber of Commerce.

In all countries, however, the business association's strategic plan must define how the organization is unique, what its mission is and its goals. The plan must differentiate the organization from other organizations. Differentiation allows each association to be profitable, and to better serve the economy and society because more issues and needs are addressed.

THE STRATEGIC PLAN

An organization's strategic plan defines why the organization exists - what it does and how it is different from competitors. The strategic plan has to be based on an understanding of what the organization's competitive advantages are, and what it wants to become.

Perhaps the most important part of a strategic plan is setting out what the organization won't do, i.e. the strategy focuses the organization's limited resources on what matters most.

An organization's strategic plan has to come from the organization's heart - the leadership has to believe in it and it has to inspire the members and association staff. Plans developed by outside consultants and presented to the organization are usually not very worthwhile. If the organization does not believe in the plan and implement it, it will not be inspiring to staff or stakeholders. However, the plan has to be realistic in terms of what the staff and volunteers can actually do.

Strategy means that we have to make sure we are doing the right things. This is particularly critical given the very limited resources available to most business associations. Developing the right strategy is the concern of the association's senior leadership - the board and top executives, while implementing the strategy is the concern of managers as well as senior executives.

Strategy is based on an organization's **differences** from its competitors. It means deliberately choosing a different set of activities to deliver a unique mix of value. Good differentiation means the organization will have fewer real competitors.

Strategy is not the same as the business plan, which we will get to shortly and which is about the economic underpinnings of the organization's strategy. Strategy provides differentiation and comparative advantage; the business model explains the economics of how the business works.

There are many different strategies a business association might pursue. For example

- Low cost: An association might have a low dues structure to develop a wide membership base that will then use the organization's products and services to generate revenue. Or perhaps the association will charge a low price for some services to acquaint potential members with the organization.

- Differentiation: An association might offer unique services that the members need and value and will pay high dues to obtain.
- Customer relationships: Under this strategy, the association would make the member feel that he really belongs in the association.

Often the strategy will encompass elements of each of these approaches, or other approaches that differentiate the organization and set out its reason for existence.

In considering the organization's strategy, it is important to keep in mind who are the customers of a business association and who are the stakeholders. Can customers be segmented into groups, e.g. by geographic location, industry segment, size, etc.? Do these segments have different price sensitivities? Which segments are the core customers?

Along with customers and stakeholders, it is also important to identify the competitors of the association. And this may depend on how the mission of the organization is defined. "He drew a circle and drew me out. I drew a circle and drew him in." The question of competitors depends on how you define your mission and products and services. Competitors may include other associations, government agencies, consultants, various service providers, not to mention people's desire for more leisure time, etc.

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT)

The first step in developing the organization's strategy is to analyze the association's strengths, weaknesses, opportunities and threats (SWOT). As noted, solid independent market research on the organization's products and services and the industry's needs should form the basis of this analysis.

Strengths and weaknesses are internal to the organization, while opportunities and threats are external. Strengths are capabilities that enable the organization to perform well; these need to be leveraged. Examples of strengths might be experienced management or active membership. Weaknesses are characteristics that limit the organization's performance, and these need to be addressed. Examples might be limited financial resources or lack of name recognition.

Sometimes the same thing can be both strength and a weakness. For example, an organization might be self-sustaining financially (strength) but not have capital available to invest in a new product (weakness).

Some specific things to consider regarding strengths and weaknesses:

- What are your organization's core competencies?
- Is the organization financially stable? Can it afford to invest in new products?
- Is the organization change ready?
- Competency of the staff and management?

Opportunities might include external trends, events, ideas that the organization can capitalize on. Threats might include external events or forces that the organization needs to plan for or mitigate.

Some things to consider regarding opportunities and threats:

- Government regulations – will changes help or hurt your members?
- Are there new technologies that might help you serve your members better?
- Are your costs of doing business increasing or decreasing?
- Who are your customers? How sensitive are they to cost of dues? Are their needs changing?

VISIONING AND THE MISSION STATEMENT

A good approach is to envision what you want your industry and organization to be in 5 or 10 years, perhaps by considering what newspaper headlines you would like to see regarding your industry and organization in 5 or 10 years. An example might be "Your organization leads your industry in entering the Chinese market."

From your vision, you can develop the organization's mission statement. Your vision and your mission statement will provide the foundation for developing the goals and objectives, and for the business plan.

Identifying the organization's mission and how it serves its industry and capturing this in a concise statement is perhaps the most important step. The mission statement tells employees, stakeholders, and other organizations what this organization is about and what it does. The mission statement defines the organization's purpose and what it aims to be.

Many organizations post their mission statement prominently in their offices and their web sites. Your mission statement must come from the heart and soul of your organization. It needs to empower your organization. All employees in the organization should know the mission statement by heart.

The mission statement should be succinct and set forth the organization's purpose and philosophy, e.g. Starbucks:

"To be the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles as we grow"

My favorite is Google's:

"To organize the world's information and make it universally accessible and useful"

Along with the Mission Statement, many business associations identify specific principles by which they commit to operate. Principles let members and other stakeholders know the organization's standards. An organization's principles need to be sensitive to constituent expectations, and the organization has to live by its principles or severely disappoint its stakeholders.

An example of a principle might be "Our education programs will only be of the highest quality."

GOALS

Goals are set by senior management and should be for a three to five year time frame. Goals are broad and set out the basic direction needed to implement the organization's mission. Goals are tangible manifestations of the organization's mission, and are used to measure progress

Goals should be focused on the unique characteristics of the organization and must be informed by a pragmatic understanding of the external environment and the internal capabilities of the organization (the organization's strengths, weaknesses, opportunities and threats).

When IBM was developing its strategic plan, Lew Gerstner, the CEO, specified that there should be no more than three goals. More than this risks weakening the organization's focus.

Some examples of possible goals for the 3 to 5 year time frame might be:

- Increase the membership by 50%
- Establish an effective advocacy program
- Introduce two new revenue generating products

For each goal, the next step will be to develop specific objectives that specify the major elements that must be in place to achieve each goal. There might be 3, 10 or even more specific objectives for each goal.

The objectives translate goals into specific policy directions, and provide the basis for development of the business plan. Each objective must be realistic with respect to the internal and external environments faced by the organization.

Before considering possible objectives for the three goals set out above, let me briefly comment on recruitment and retention, advocacy and products and services. These three areas, of course, are common to most business associations. There is a great deal of literature on membership, advocacy, and products and services, and these comments are necessarily very brief. A good source for more information is ASAE (<http://www.asaecenter.org/>).

RECRUITMENT/RETENTION

The membership is the crown jewel of any business association. The members enable the organization to be effective in advocacy, and the organization exists to serve their common needs.

For most companies, the decision whether or not to join a particular business association is based primarily on a strict calculus - will they get more value added by being a member than the cost of the dues. Calculating value added from an association membership, however, can be complex, since often much of the value of membership is difficult to quantify. For example, how much is networking worth? And calculating the benefits of joint business association

advocacy can be complex. Nonetheless, while some of the value added from membership is in intangibles, companies generally want to feel that they are getting a lot for their dues.

Of course, there are other reasons why companies belong to an association. Some will join out of a sense of civic responsibility, and sometimes they will join because the CEO of the company knows the CEO of the association. And sometimes a government regulation requires them to join the association. (Often this can be a trap for the association. Members have to join, so the organization does not think about the value added it is providing. Then one day the government changes the rule, and the association is suddenly in peril.)

Retaining members is critical. A dropped member may spread a negative impression of the organization, and it is much more difficult to recruit a new member than to effectively retain current members.

Some things to consider in retention:

- The organization should track member involvement – an uninvolved member will soon be an ex-member
- Importance of personal visits: a call by the association CEO or other senior official can give the member a real sense of belonging. More importantly, it will keep the association informed of what is important to the membership. Of course, this depends on the difficulty of getting to the member, and level of the dues

From the members' perspective, one of the critical benefits of belonging to the association is networking. The association is the place where companies that compete in the market can cooperate on common goals. A side advantage of this is that members often establish business relationships through their association work, e.g. finding customers through meeting other companies in the industry at association meetings.

From the association's perspective, it is desirable to have as much participation from all levels of the member company as possible. Often HR or marketing or legal or some other division could make the case for membership thus improving retention and recruitment. So networking is critical for both the members and for the association.

Recruiting new members is far easier for an organization with a high rate of retention of current members. Business associations can rely on satisfied members to assist in recruiting (e.g. you might ask each Board member to recruit two new members a year).

You need to decide who will be responsible for recruitment. Who can make the sales pitch? What is the CEO's role? Do you want a dedicated staff person for recruitment and retention? Do you want to have commission sales people?

In recruiting, I like to think of the 8-second rule. Imagine you are on an elevator with a prospect, and he will reach his floor in 8 seconds. That is how much time you have to capture his interest in learning more about your organization. This is where your mission statement can come in. Your mission statement should provide a concise explanation of what your organization is about and in a way that grabs the attention of your members and prospects.

A solid public relations program is important to retention and recruitment (and to support your advocacy program). You need to let the members know what you do. Options are to have current staff handle PR along with other responsibilities, or contract for part time assistance with an outside firm, or hire full time staff person to handle PR.

A critical step is a good system (usually by email) to regularly inform the members of what you are doing. The broader community can be reached through regular press releases. Long term nurturing of the press is critical to get good media coverage. Many associations invite the press to attend some functions for free to get an understanding of the industry and the association's role. In all cases, associations need to be honest and open with the press. You can only fool them once.

ADVOCACY

Business associations have unique advantages in conducting advocacy:

- Association can gain an industry consensus – strength in numbers
 - Individual company operating on its own is often cancelled out by a competing company
- On some issues, a single company will have antitrust problems in proposing solutions
- An individual company has more risks in confrontation if the government does not like the position being advocated

Trade Associations have enormous leverage in conducting advocacy

- Persuasion – helps to have clear position papers
- PR – Position papers on your web site, given to the press & government
- Parliament/Executive Branch – Do you have allies in government? Could a new law solve the problem?
- And finally, confrontational, if persuasion is not effective.

Advocacy can be conducted at the local, national or global level. For example, when I was President of a homeless shelter we advocated issues at the city and state level, such as where to locate a shelter. At the business association where I worked, we advocated at the state and national level on issues such as taxes, and the global level on issues such as market access.

Business associations need a clearly specified process for conducting advocacy

- Government will want to know if the association really represents the industry
- Members will demand to know how they can participate & will drop membership if the association advocates policies against their interest

The process has to be flexible so that the association can deal with new issues that constantly arise. However, the process cannot be ad hoc. There has to be a long-range plan to address the main problems the industry faces.

How should an association decide what issues to address?

- Regular member surveys
- Member complaints about problems with government
- Possibly by creating a special committee on advocacy
 - E.g., may want technical level participation on some issues, CEOs on others
 - A special committee helps involve as many people from the member companies as possible, which can help in retention
 - A special committee ensures a wider pool of informed industry representatives who can advocate for the group

Without consensus among the members of the association, advocacy will be ineffective and programs won't work. Additionally, lack of consensus can destroy the organization's credibility if two important segments publicly disagree. The process for developing association positions has to be transparent and fair, and competent staff is required to protect the interests of all members.

Members need to know how to participate in developing positions. And the association needs an effective system of regularly informing the members of the issues being addressed and what they are doing if advocacy is to be an effective recruitment/retention tool. For most associations, this is a regular system of email updates.

Of course, in designing an advocacy program, an association has to take into account the broad context in which it is operating. For example, in the US there are literally thousands of business associations that differentiate themselves from each other in many ways, including the industry served, products offered, pricing, and so forth. In terms of advocacy, business associations focus on those issues representative of their membership.

Broad based associations, e.g. Chamber, National Association of Manufacturers – tend to address broad topics common to all industry, such as the corporate tax structure. Industry wide associations, e.g. the American Electronics Association, which represents all segments of the high tech industry, including semiconductors, computers, telecommunications, software, etc., generally address issues affecting all or most segments, e.g. the issue of stock options is particularly important to the U.S. high tech industry.

Segment associations, such as the Semiconductor Industry Association (SIA) – address unique needs of that sector, e.g. semiconductor research funding. And cross Cutting associations, e.g. the American Association of Exporters and Importers (AAEI), deal with issues unique to their membership, which is interested in international trade, such as customs rules and regulations.

In addressing these issues, associations often form coalitions to work on common advocacy issues. And often they scramble to see who claims credit for success, and associations without effective PR programs can lose out.

As an example of the importance of an effective advocacy program, advocacy is the reason large high tech companies belong to the American Electronics Association. (Small companies often say "we are glad you are working on that issue, but we are too busy trying to survive to spend executive time or resources on advocacy." They join AEA for the products and services.)

AEA has eight policy committees, which are empowered to approve and lobby technical positions. The Board must approve issues with important implications for the industry. AEA posts position papers of all issues it is addressing on its web site (each issue paper is usually about 4 pages long).

PRODUCTS AND SERVICES

Business associations offer a wide variety of products and services to their members. Some are designed to be a critical service to the members that is not available elsewhere; others may be designed primarily to raise revenue for the association, thereby allowing it to charge lower dues. (Advocacy, of course, is a major service, which was covered above.)

To give some idea of the types of services offered, consider the products and services offered by the American Electronics Association:

- A two-week course tailored for the high tech industry at Stanford; the program is a great service to the members and generates substantial revenue. However, it requires significant staff time to manage.
- A comprehensive survey of the industry (CyberStates), which is sold to the industry and those following the industry. Revenues cover the cost of publication, and the report is considered to be an important advocacy tool
- A monthly government Dinner, which features a high-level government speaker and has booths for vendors to present their wares to the industry. The event is an important recruitment/retention tool and generates significant revenue.
- Employee medical insurance – generates \$2 million in revenue, but requires full time staff person to manage
- Car rentals – Agreements with Avis/Hertz. Requires no work by the association and generates revenue.

Associations can use three screens to evaluate which services to offer:

- Value to members - probably the most important screen. In considering value to the members, keep in mind that a service might be important to a segment of your members, e.g. small companies, and still be important.
- Revenue to the association
- Staffing/revenue cost – Need to consider both the cost of starting the program and what it takes to maintain it.

An association that is limited in revenues might consider potential revenue and costs of the program as most important. Otherwise, value to the members would be most important, followed by potential revenue to the association. However, offering your members a service they don't like reflects poorly on the association.

For all services under consideration, it is important to consider who are you competing against and what might be the association's comparative advantage in offering the service.

In evaluating potential services, an association might get member help through a formal committee or at least periodically brainstorming ideas with a group of

members. Additionally, the association needs to have a process for approving whatever services are offered.

In considering possible products and services, it is useful to benchmark with another association – how long did it take them to develop the product? How profitable is it? How do the members like the product?

OBJECTIVES

As noted earlier, objectives specify the major elements that must be in place to achieve each goal. There might be 3, 5, 10 or even more objectives for each goal. The objectives should be designed so that when they are accomplished, the goal will be achieved.

Previously (on page 6) we set out three examples of possible goals for the 3 to 5 year time frame:

- Increase the membership by 50%
- Establish an effective advocacy program
- Introduce new revenue generating product

The objectives have to be realistic with respect to the internal and external environments faced by the organization. But from the brief comments earlier on recruitment and retention, some possible objectives under the goal of increasing the membership by 50% might be the following. Additional ones would be needed to fulfill this goal, and these would not be appropriate for many organizations, but the following should give an idea of what is meant by objectives for each goal.

Goal: Increase the membership by 50% - Objectives:

- Develop a member involvement program that would ensure each member uses one or more of the products and services
- Recruit 10 new members a year
- Establish a PR program to inform members and the community of the association's activities

For advocacy, some of the objectives might be:

- Clearly define and publicize the association's advocacy program
- Identify and address two additional issues impacting the health of the industry
- Develop position papers on issues currently addressed and new issues

And for introducing two new revenue-generating products, some objectives might be:

- Establish a committee to evaluate new product ideas
- Evaluate 5 potential new products/services
- Benchmark product and service programs with other associations

After objectives have been identified for each goal, the objectives need to be prioritized - which need to be done first and which are most urgent.

Basically, the organization's strategy is now in place with the mission statement, goals and objectives all identified. This is a good time to reexamine what is in place so far:

If the organization were fully realizing the potential of the mission statement, would you be meeting the vision you have for five to ten years in the future?

If the goals were fully implemented, would the mission be achieved?

If the objectives were accomplished, would the goals be met?

If this is not the case, you should adjust goals or objectives to be sure your mission is accomplished.

TACTICS

This is where we move from the strategy to implementation. Strategy we said is doing the right things. Implementation is doing the right things right. We are moving here from planning to execution, from goal setting to goal achieving.

Successful implementation is accomplished by turning strategic plans into action plans that are executed at the unit level. Your action plan must set out how you will achieve strategic goals and objectives through practical steps, measure progress over time, assure people have the resources they need, and how to keep everything on track.

Your organizational structures, support systems, processes, human skills, resources and incentives must be aligned to support your strategic goals. The action plan must be able to measure progress over time, ensure people have the resources they need to implement the plan, and keep everything on track.

This is where mid-level managers can make important and visible contributions to organizational success.

For each objective, we now need to identify the specific tactics needed to accomplish the objective, and there may be multiple tactics needed for each, even ten or more in some cases.

Each tactic has to identify the specific step needed, who will be responsible for accomplishing it, by when, what is expected, and has to identify resources needed.

In doing this, you need SMART metrics.

- Specific – describe exactly what has to happen. What are you going to do? Why is this important? How are you going to do it?
- Measurable – If you can't measure it, you can't manage it. Have concrete criteria for measuring success

- Agreed upon by management and by the people responsible
- Realistic – not the same as “easy” - often this should be a slight stretch
- Timely – Specify when it is to be done by

For example for the objective of developing a member involvement program under the goal of increasing the membership by 50%, some possible tactics might be:

- Track current member involvement in using products and services, advocacy and networking events (To be done by ____, by ____.)
- Identify members with low usage rates (To be done by ____, by ____.)
- Call or visit each member with low involvement to brief them on the association activities and find out the reasons for low involvement (To be done by ____, by ____.)
- Prepare analysis of reasons why some members have low involvement and recommendations to expand involvement (To be done by ____, by ____.)

Another example might be for the objective of evaluating five potential new products/services under the goal of introducing two new revenue-generating products, some objectives might be:

- Survey members to identify needs for new association services
- Hold focus group to consider the proposed new services
- Identify how you will provide the service, what revenues are needed, etc.
- Obtain approval to offer the service (e.g. association CEO, the Board?)
- Implement delivery of the new service

Again, for each of these tactics, you need to set out who will do each task, by when, and what is the deliverable expected. You also need to determine what resources would be needed to implement the tasks in terms of people, money, necessary skills, etc. and when in the process these resources would be needed. If additional resources are needed, you need to plan how you will get these resources. From internally generated money? Applying to a donor or government?

This process then needs to be repeated for all your objectives. You will undoubtedly have many tasks, and you will need to look at the whole very realistically to assess what can actually be done and by when.

Managers need to consider how the business plan will impact the unit’s ongoing day-to-day work. Are there sufficient resources for this?

The plan needs to be simple and flexible, people expected to implement the plan should be involved in developing it, and the plan should not be overly ambitious. An overly complex plan will confuse people.

Involving the people who will implement the plan ensures they buy in to it. If senior management just imposes it, the plan may not reflect realities on the ground that the people involved could alert you to

Lots of things will happen, so your plan needs to be flexible. Your plan needs to be a living document

DEVELOPING THE BUSINESS PLAN

You now have the basis for completing your strategy-based business plan. You need now to integrate your tactics, objectives, and goals with your current business plans.

While there are a number of formats, an appropriate one might be the following:

- Executive Summary
- General Association Description
- Products and Services
- Marketing Plan
- Management and Organization
- Financial Plan
- Appendices

The Executive Summary is the most important part. This has to grab the reader, and it needs to be professional. It should be no more than two pages long, as a long summary is less likely to be read. Because this is the most important part, it should probably be written last.

The association description should include your mission statement and your organization's history. It should describe the industry your organization serves, the challenges you face and your organizations strengths and competencies. And importantly it should set out your plans for the future and your strategy to achieve these plans (basically, your goals and objectives).

The section on Products and Services should describe your current products and services, your pricing structure for these, and your plans for future products and services.

The Marketing Plan section would include your market research, and information on your industry - its size, growth, and trends. It would also include a description on the organization's products and their most important features, your customers, your niche in the market, your marketing strategy and your forecast for the future.

The section on Management and Organization would include the organization's location, its legal environment, personnel, pay structure, management, your Board, and information on other support, e.g. bank, attorney, accountant, consultants, mentors, etc.

Under the Financial Plan you would include the association's financial history, the profit and loss statements for the last year, as well as the last three and five years, if available. You would also provide the projected cash flow as the plan is implemented.

Appendices might include brochures, articles about your organization, your market research studies, and any other relevant information.

STAYING ON COURSE

Your plan has taken a lot of work and effort. Now what do you do with it? Your Board would probably have been involved in various stages of development of your plan, and you would certainly want to communicate your plan to them. And your staff should be fully involved in implementing the plan and the context for the whole plan.

Large portions of your plan, such as your mission statement, goals and objectives should be communicated to the membership, perhaps in a general meeting. Your mission statement and goals and objectives would also be communicated to relevant government agencies and the press and general public. And of course you will want to review your business plan with donors and others as appropriate.

However, the fact is a great plan isn't a panacea for success. A lot is else is needed. The first point to make is that you can't set it and forget it. It won't work, just like sailing. The wind changes, boats cross your path, your first mate gets seasick. Things will change and you need to pay attention and be flexible.

Ideally, your mission statement will be appropriate for some time, perhaps several decades. But you need to stay tuned to the external environment as sometimes an organization needs to fundamentally change its mission to survive. For example, the buggy whip industry clearly needed to redefine itself as cars became prevalent. And even Starbucks might have to redefine its mission if coffee were suddenly found to cause cancer. Perhaps Starbucks would redefine its mission to be the premier provider of ideal meeting conditions for people to visit.

Goals are only intended for a three to five year time period, so these will need to be revisited every three years or so. Some signs the goals need to be revisited earlier than this might be that your financial position is not improving, or new competitors are rising up.

Objectives will need to be revisited more often. Many will be accomplished, others will be found to be impracticable.

And your tactics to achieve each objective will require constant monitoring. Management needs to ensure the targets are met, or if not to take remedial action. It is important in this not to establish a negative environment where managers are afraid to admit to problems. You can't fix a problem you are not aware of.

Some reasons why business plans don't work include:

- The strategy is not inspiring – your plan was crafted to fix current problems, not address the future of the organization
- Inadequate resources – If your plan were inspiring, it would be easier to get resources
- Cross-functional collaboration may be needed to accomplish some elements (Interlocks) and this collaboration may not materialize.
- Change could be resisted by staff, or your Board (e.g. large company opposes new programs for SMEs), etc.

Some things you can do to increase the chances of success:

- Track results: relatively easy if you have clear quantitative measures of success built into your plan
- Regular progress reviews, perhaps weekly
- Walk the talk:
 - Post your mission statement
 - Constantly remind staff why it is important
 - Top management sets the example.
- Celebrate success – maybe dinner or a party when an important goal is achieved
- Communicate relentlessly – with staff, with the Board, etc.

And perhaps most important is to be flexible. Your plan is a work in progress, but hopefully one that will lead your organization to a higher level of performance.

WORKSHOP ATTENDEES

WORKSHOP- FIRST SESSION ATTENDEES

JEPA – Jordan Exporters & Producers of Fruits and Vegetables

JoStone - Marble and Granite Producers & Exporters

JGATE – Garment and Textile Manufacturers

JAPM – Association of Pharmaceutical Manufacturers

A&E BC – Architects and Engineers Business Council

INT@J – IT industry

JFEMA – Furniture Exporters and Manufacturers

Jordan Design Center – Graphic Designers

Monojo – Company producing monoclonal antibodies

JITOA – Inbound Tourist Association

JCI – Chamber of Industry

WORKSHOP – SECOND SESSION ATTENDEES

JFBPW – Forum for Business and Professional Women

JSQ – Society for Quality (consultants)

Itkan Association - Cooperative of Agricultural Engineers (organic products)
JIPA - Intellectual Property (lawyers)
AmCham
JOFIA – Federation for Investment Association (advocacy for other organizations)
JITOA – Inbound Tourist Association
Monojo – Company producing monoclonal antibodies
A&E BC – Architects and Engineers Business Council

WORKSHOP AGENDA

SABEQ Conference Room
Sequleyah Street, Al Rabieh

First Session

Sunday, February 24, 2008

9:00 am to 4:00 pm

Agenda

8:30 – 9:00 am Registration

9:00 – 11:00 am Introduction to Strategy Based Business Planning

11:00 – 11:15 am Break for Coffee/Tea

11:15 am – 1:30 pm Identifying Your Mission and Principles

1:30 – 2:15 pm Break for Lunch

2:15 – 4:00 pm Practical Application

Second Session

Monday, February 25, 2008

9:00 am to 4:00 pm

Agenda

9:00 – 11:00 am Tactics

11:00 – 11:15 am Break for Coffee/Tea

11:15 am – 1:30 pm Development of the Business Plan

1:30 – 2:15 pm Break for Lunch

2:15 – 3:15 pm Implementing the Plan

3:15 – 4:00 pm Making the Sale

APPENDICES

APPENDIX A: Simulation Model

Simulation Model for Developing A Strategy Based Business Plan

To help an organization understand the concepts of strategy based business planning, it might be helpful to periodically divide the group into smaller teams (e.g. 4 teams of 5 people on each). Have people more experienced in strategic planning spread out on different teams. In this simulation, we have a fictitious business association - "The Widget and Gizmo Association (WAGA)", and have conducted a simulated market research study on the association. The description of this association and the market research are below.

Each team could then develop its proposed mission statement, goals and objectives, and tasks for one objective. When finished, someone from each team would write the team's mission statement, goals, objectives and tasks on the flip charts, and the whole group could decide on which it likes best.

"The Widget and Gizmo Association (WAGA)"

About 650 companies produce Widgets in Jordan. Widgets are relatively easy to produce and are used in a wide range of machinery, including automobiles, farm equipment, large industrial pumps, and so forth. Total Widget production worldwide is \$650 billion. Production in Jordan is \$700 million, of which \$600 million is consumed within Jordan, and \$100 million is exported. The EU, US, China, and India are major consumers of Widgets, although consumption in the EU and the US is declining, while consumption in the MidEast, Africa, China and India is increasing.

Gizmos are a relatively recent innovation, and are more sophisticated than Widgets. (Four Gizmos can do the work of seven Widgets.) However, production is more capital intensive and requires a more highly trained work force. Three Jordanian companies produce Gizmos, and each sells about half of its production in Jordan and exports half, largely to Europe. These three companies are large with more than 500 employees each; while each still produces Widgets, the three companies seem to be exiting that business.

There are approximately 20 companies in Jordan that service Gizmos and Widgets. Two of these companies are also producers of Widgets or Gizmos; for seven of the others, servicing Gizmos and Widgets is their only business, while for the remaining service companies, servicing Gizmos and Widgets is less than half of their business.

The Widget and Gizmo Association is eleven years old, and was originally founded by nine Widget producers. Today the association has 106 members, including the three large companies that produce Gizmos. To be a member, a

company must produce Widgets or Gizmos in Jordan. Dues to belong to the association are 200 JD for all members. Revenue has been flat in recent years at about 70,000 JDs, of which about 25 percent comes from dues, 35 percent from donors, and 40 percent from non-dues revenue. The major source of non-dues revenue is from exhibitions at the Association's annual convention.

Expenses have been steadily increasing, and reserves have now declined to a level that could only cover two months expenses. The major expense items are the salaries for the two person staff and rent for the office. Membership has declined over the past four years from 121 members in 2004 to 106 today. An average of 8 companies have joined the association in each of the past four years, while approximately 12 on average have not renewed their membership. WAGA's staff consists of an Executive Director, a program manager, and an office manager.

Results of the Market Research

As a key input to developing its strategic business plan, the Widget and Gizmo Association of Jordan (WAGA) contracted a local consulting firm to conduct a field survey. The consultants interviewed 20 member companies, 20 former members and 20 companies in the industry that have never been members of WAGA. All firms interviewed were assured that their answers would be confidential.

Section 1: General Information

1. Is your firm a member of any other trade associations in Jordan?

- | | |
|--------|----|
| a. Yes | 41 |
| b. No | 19 |

2. If yes, please list all that apply below.

- Jordan Garment and Textile Manufacturers (JGATE)
- Jordan Forum for Business and Professional Women (JFBPW)
- Jordan Chamber of Industry (JCI)
- Jordan Society for Quality (JSQ)
- Jordan-European Businessmen Association
- Jordan Association of Pharmaceutical Manufacturers (JAPM)
- AmCham
- INT@J
- Jordan Intellectual Property Association (JIPA)

3. What is the size of your firm based on number of employees?

- | | |
|---------------------|----|
| a. 0 – 10 | 6 |
| b. 11 – 60 | 21 |
| c. 61 – 100 | 18 |
| d. 101 – 500 | 11 |
| e. greater than 500 | 4 |

4. Please select the regions in which your firm is currently engaged in trade.

- | | |
|---|----|
| a. Only within 50 km radius of Amman | 6 |
| b. Jordan (outside 50 km radius of Amman) | 54 |

Which Export Markets?

- | | |
|-----------------------------------|----|
| a. Do not export | 28 |
| b. European Union | 7 |
| c. North America | 3 |
| d. Asia/Pacific | 3 |
| e. Middle East and Arab Countries | 29 |
| f. Africa | 14 |

5. What are the main problems that you face in expanding your business?

- | | |
|---|----|
| a. Capital availability | 6 |
| b. Finding skilled employees | 37 |
| c. Governmental red tape: | |
| i. Intellectual property protection | 8 |
| ii. Regulations on hiring/firing | 15 |
| iii. Obtaining business approvals | 11 |
| iv. Excessive taxes | 17 |
| d. Price competition by international companies | 7 |
| e. Access to foreign markets | 18 |

6. Where is your firm located:

- | | | | |
|----------|----|----------|---|
| a. Amman | 44 | b. Aqaba | 6 |
| c. Irbid | 6 | d. Karak | 4 |

Section 2: WAGA Members (20 respondents)

7. Why did you join WAGA?

- | | |
|----------------------------|----|
| a. networking | 13 |
| b. training and education | 9 |
| c. advocacy | 14 |
| d. marketing/promotion | 11 |
| e. exhibitions/conferences | 11 |

8. Please rate each of the following WAGA services with 1 being "not useful at all" to 5 being "very useful"

		1	2	3	4	5
a.	Training Programs	0	5	5	6	4
b.	Informational Resources	0	4	10	6	0
c.	Market Reports	2	8	8	2	0
d.	Conferences	1	1	9	8	1
e.	Trade Shows and Missions	6	4	6	4	0
f.	Meeting with an Official	1	1	3	11	4
g.	Policy Advocacy	4	6	5	5	0
h.	Annual Meeting	0	1	6	9	4

9. For all of the services rated 1, 2 or 3, why wasn't this service more useful?

- | | | |
|----|--|----|
| a. | Programs were not on right topic | 11 |
| b. | Poor quality of program | 10 |
| c. | Cost of programs was too high | 8 |
| d. | Advocacy program did not produce results | 15 |

10. What do you see as the largest barrier to increasing WAGA membership?

- | | | |
|----|---|----|
| a. | cost | 9 |
| b. | knowledge of the benefits and value of membership | 11 |
| c. | product and service offerings | 8 |

11. How do you evaluate WAGA's membership fee?

- | | | |
|----|-------------------|----|
| a. | Low/affordable | 1 |
| b. | Moderate/suitable | 16 |
| c. | High/Expensive | 3 |

12. Please list services that would increase the value of WAGA membership:

- Periodical bulletins and news letters about WAGA's activities
- Hold meetings to inform audience about WAGA's activities & achievements
- Increase number of high - quality, specialized training courses

Section 3: WAGA Ex-Members (20 respondents)

13. Why did you leave WAGA?

- | | |
|--|---|
| a. Membership fees | 4 |
| b. Limited quantity of services/activities | 5 |
| c. Low quality of services | 4 |
| e. WAGA management | 0 |
| f. Joined another association | 5 |
| g. Other: | 2 |
- The company was poorly interacting with WAGA
 - No return on the membership in WAGA

14. What would encourage you to re-join WAGA?

- | | |
|--------------------------------------|---|
| a. Lower membership fees | 4 |
| b. Introduce new services/activities | 5 |
| c. Improve the quality of services | 5 |
| d. Change WAGA management | 0 |
| e. More effective advocacy | 6 |

Section 4: Never been a member (20 respondents)

15. Why hasn't your firm become a member of WAGA?

- | | |
|--|---|
| a. Cost | 4 |
| b. Not interested in the benefits | 3 |
| c. Unaware of WAGA's activities/services | 9 |
| d. Other _____ | 4 |
- No contact by WAGA to introduce its services (2 responses)
 - The size of the company's business does not justify membership in WAGA
 - WAGA services are dedicated for board members and management

16. What is the maximum membership fee that you are willing to pay for WAGA?

- | | |
|--------------------|---|
| • Less than 100 JD | 9 |
| • 100 to 200 JD | 6 |
| • 201 to 300 JD | 3 |
| • More than 300 JD | 2 |

APPENDIX B: COMMENTS AND RECOMMENDATIONS

April 22, 2008

To: Sahar Al-Yousef
From: Bill Krist
Ref: TOR 6.3.5.a.2.18.1, Strategy-Based Business Planning Workshops
Subject: Recommendations for Future SABEQ Programs

It was a pleasure to be the facilitator at the two workshops held by SABEQ on Strategy-Based Business Planning. The first workshop was Sunday and Monday February 24/25 and the second was Tuesday and Wednesday, February 26/27, 2008. My recommendations for future programs, based on what I observed at these workshops, are the following:

1. I think there is an enormous need for SABEQ programs on good governance of trade associations. I would recommend specifically targeting this program to those associations that do not have good governance procedures in place (e.g. a rule that Board member's terms are limited).
2. SABEQ might consider making a precondition for its support for a business association that good governance procedures be in place and are followed.
3. Attendees at the workshops expressed interest in a workshop on managing the Board of Directors. Such a program that included the roles and responsibilities of staff and Board Members would be useful. Additionally, there was strong interest in both groups to have programs on advocacy and on international business.
4. I would recommend that future programs be targeted to level of knowledge, e.g. one for those new to the subject matter and another for those with significant experience.
5. The effectiveness of these programs would be enhanced by using Jordanian speakers where possible. For example, if SABEQ does a program on advocacy, I would recommend having a panel of associations, such as the pharmaceutical manufacturers and INT@J, speak about their programs. I would also recommend having a panel of government speakers, e.g. from the trade

ministry, talk about what input they would like to receive from the private sector.

6. In both workshops we discussed the current status of Jordan's legal environment for business associations (e.g. a legal framework some 50 years old and which only recognizes advocacy programs for JCI and the Chamber). There was wide spread agreement in both sessions that this is an issue that should be explored further.

APPENDIX C: RECOMENDATIONS

April 24, 2008

To: Sahar Al-Yousef
From: Bill Krist
Ref: TOR 6.3.5.a.2.18.1, Strategy-Based Business Planning Workshops
Subject: Recommendations for Future Programs

It was a pleasure to be the facilitator at the two workshops held by SABEQ on Strategy-Based Business Planning. The first workshop was Sunday and Monday February 24/25 and the second was Tuesday and Wednesday, February 26/27, 2008. Based on the discussions at these workshops, following are my recommendations for future SABEQ programs.

Recommendations for future SABEQ programs:

1. I think there is an enormous need for SABEQ programs on good governance of trade associations. I would recommend specifically targeting this program to those associations that do not have good governance procedures in place (e.g. a rule that Board member's terms are limited).
2. SABEQ might consider making a precondition for its support for a business association that good governance procedures be in place and are followed.
3. Attendees at the workshops expressed interest in a workshop on managing the Board of Directors. Such a program that included the roles and responsibilities of staff and Board Members would be useful. Additionally, there was strong interest in both groups to have programs on advocacy and on international business.
4. I would recommend that future programs be targeted to level of knowledge, e.g. one for those new to the subject matter and another for those with significant experience.
5. The effectiveness of these programs would be enhanced by using Jordanian speakers where possible. For example, if SABEQ does a program on advocacy, I would recommend having a panel of associations, such as the pharmaceutical manufacturers and INT@J, speak about their programs. I would also recommend having a panel of government speakers, e.g. from the trade

ministry, talk about what input they would like to receive from the private sector.

6. In both workshops we discussed the current status of Jordan's legal environment for business associations (e.g. a legal framework some 50 years old and which only recognizes advocacy programs for JCI and the Chamber). There was wide spread agreement in both sessions that this is an issue that should be explored further.

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