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## **KOSOVO**

# **CLUSTER AND BUSINESS SUPPORT PROJECT**

## **Association Development**

Contract # AFP-I-00-03-00030-00, TO# 800

Submitted to:  
USAID/Kosovo  
Cognizant Technical Officer: Timothy Hammann

Prepared by:  
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Submitted by:  
**Chemonics International Inc.**

Submitted: April 08, 2005

**Association Development**  
**Strategic Management Specialist**  
**Kosovo Cluster and Business Support Project**

**Trip Report: Jack Cox, March 08 - 27, 2005**

**Purpose of the Assignment:** To help fledgling and other business-related nonprofit organizations strive for and achieve both sustainability and success. Actions to accomplish this will include working with board members and senior staff to create tactical business plans from existing strategic documents. Such business plans identify implementation of revenue-generating programs, products, and services that serve organizational purposes and mission. The Specialist engaged to do this will also serve as a mentor to executive directors and other staff involved in these associations, and will counsel on optimum practices in management, multiple-audiences relationships, program and product development, marketing and staffing. Numerous mechanism will be employed to accomplish these deliverables, including one-on-one tutorials, one-on-several counseling, conducting workshops to instruct and guide in business planning for both associations and business suppliers to them, and reviewing -- if necessary, revising -- the strategic plans needed to develop tactical business plans.

**Site Activities to Achieve Purposes**

In any such enterprise, there are numerous large and small activities. Highlights, only, of the actions taken toward the purposes stated above include:

- Created a case study PowerPoint presentation for specific use in a workshop for KCBS-targeted associations and their potential suppliers and contractors. A second version in Albanian was then translated and produced for use in the workshop, as well as secondary uses, whenever KCBS-targeted associations need to refer to it.
- Created multi-page lists of programs, products, and services, for distribution at the same workshop, that can be used by associations to generate revenues, meet member needs, and achieve their missions. These same lists can be reference documents for any association business and revenue development in the future, and can be of particular use with association suppliers and vendors.
- Developed a second workshop illustrating how tactical business planning is done, using one strategic goal each from two KCBS targeted associations.
- With another consultant, helped in the development of two association strategic plans.
- Met with external association-services providers, in accounting and education, to discuss how they could assist KCBS associations.
- On several occasions, coached and counseled staff on numerous subjects and topics in professional association management, including how each sequential step in tactical business planning works and how it adds to the value, utility, wealth, and services base of an association.

- Met with the American Chamber in hopes of finding a common purpose and mutual utility in working together on association development in Kosovo; the results, however, were found wanting.
- Because of repair work necessitated by previous consulting in strategic planning and visioning for KCBS targeted associations, created a greatly simplified, four-step process that all the associations can use to, first, clean up their existing planning documents and, second, produce actionable, future plans with great utility that are easily translatable into high-yield tactical business plans. At present, all the associations are converting their 'strategic' plans to this simple format.
- Worked with the 'measurements-and-evaluations' staff to create an M&E document that should produce great value for KCBS associations.
- Attended a meeting with Raiffiesen Bank officials in Pristina to determine the feasibility of creating either a 'super' credit union for several associations, or smaller credit unions/lending institutions for clusters of similar associations here. Very favorable meeting with large and obvious potential. The idea will be further examined and discussed with them in April. This could have a significant impact on KCBS targeted and other associations here.
- In marathon sessions, developed tactical plans for major programs, products and services in two of the leading KCBS targeted associations, for a total of 12 immediate-action, high-yield tactical plans.

## **General Findings**

The author has enjoyed more than two decades of successful association business planning and development, and believes that there are three essential elements needed for any association to both prosper and fulfill its mission:

- First, it must have a vision of and for itself, and why it exists;
- Next, it must have the required operating structure to guarantee that it can, in fact, achieve its promise and potential; and,
- Third, it must have the knowledge and business planning to drive its dream.

Selfishly, of course, I also think that the third condition is the sine qua non for success. I have worked for, consulted to, and/or peer-reviewed dozens of associations and, universally, the only associations I have seen truly achieve their promise were those that knew how to plan for their own success. The flip side of that is that I have seen too many associations that articulated brilliant visions of themselves and their future through strategic planning, but failed because they didn't know how to plan tactically to make those visions reality.

Since operating conditions for associations in Kosovo have been outlined and expressed elsewhere in trip reports, this author won't belabor them again. Suffice it to say that there are rules and regulations extant and being formulated, not the least of which emanate from UNMIK and others, that will work against Kosovo associations achieving their

potential They must be addressed through KCBS, USAID, and others or it is doubtful that associations can succeed here.

As for all the KCBS targeted associations this author reviewed, worked with, and developed planning for, one of the essential elements outlined above has not been realized: there are no operating structures. There is a fairly good idea of what the association *should* look like for some, not all, but in no instance did I work with an actual association, staffed and functioning on its own. There has been strategic planning previously, only a bit of it good. I have tried to develop tactical business plans as working road maps for some of the more goal-oriented associations I worked with, as well as to leave these products behind as examples, with very definitive ideas and instructions, on how to continue with this planning. I have tried to 'teach people how to fish.' But unless or until the associations are fully realized as independent, operating entities, efforts thus far will probably not result in achievement.

That said, there is an obvious need for successful associations here, as well as an eagerness and appreciation for the expertise that is being brought through KCBS and USAID. People appear to genuinely want what is being offered, and those hopes and expectations have to be addressed very carefully.

## **Recommendations**

1. I believe it would behoove all involved parties to stop in place, have a very good look at *what* associations are desirable here, and then *why*, *when*, and *how* their promise can be achieved.
2. I think it is essential for the existing associations that have not already done so to scrap their cobbled-together 'strategic plans,' and adopt a much simplified formula for describing their futures; i.e., ask **what** they want to do in a series of carefully articulated goals, then ask **why** they want to achieve these goals, then examine a number of **ways** they can achieve these goals and, finally, through tactical planning, determine **how** they are going to realize these goals. It appears that many of the people I have been working with in Kosovo have been previously traumatized by bad planners with fairly awful formulas in the past; they are no longer sure what good strategic planning should or would look like. It doesn't have to be this way.
3. I believe that for those associations with good, definable goals, it is essential for both they and the other, more inchoate associations here to see some successes -- fast. So far, the air has been filled with planning and promise, but little in the way of success. Nothing would jump start associations here faster than seeing one or two break out of the pack and achieve some real, quantifiable successes.
4. On a more generalized basis, it might help for KCBS to pause at this juncture and examine some of the questions posited in question one, above, to see if its purposes, mission, and goals are still the same, should be modified, or radically changed. This is a unique enterprise, and it might benefit from the same processes that some of the involved associations are employing.

5. It might help KCBS targeted associations to have working mentors along side the executives who are to run them, for a brief start-up period. Successful association management is a rather exacting enterprise, with a relatively razor thin margin between failure and success. “If you’ve never seen a buffalo, you don’t know what one looks like.” Many people here with native talent and skill have never seen a successful association, let alone run one. It could genuinely help to have some very successful association managers ‘shadow’ them and proffer useful advice on how to first make the thing fly, and then, succeed.

## **Conclusions**

It is difficult not to trip over the potential sitting around on the floor here. It is reminiscent of the American West during its Gold Rush days. In an atmosphere where everything is possible and anything can happen, a lot of things will. Success for KCBS targeted associations can be very big, both measurable and quantifiable. Or not. It is going to take some judicious planning, management, skill, and nurturing for that success to happen. Many of the people I worked with are talented, eager, appreciative, and deserving of success. They are also, as one person said here, drinking from a fire hose of Western knowledge. I became concerned that instead of showing them the buffalo they’ve never seen, they are now being shown the whole herd, and it is stampeding. The challenge now is making certain that they learn herd management skills very quickly. There is a great opportunity for some very visible success with this enterprise.

**Association Development  
Strategic Management Specialist  
Kosovo Cluster and Business Support Project**

**Trip Report: Susan Burton, February 14-March 13, 2005**

**Purpose of the Assignment:** To assist associations and other business related nonprofit organizations (NPOs) to develop strategic plans to serve the organizations' missions and to adopt SMART objective setting that to improve management and help the associations move toward self-sufficiency.

**Specific tasks accomplished:**

- Reviewed available association by-laws (4), action plans (9) and budgets (2).
- Obtained and reviewed copies of Kosovar association and nonprofit law.
- Met with association accounting expert on Kosovar accounting and legal requirements.
- Reviewed field reports on association development in Kosovo.
- Met with board members and other volunteer members and staffs of targeted associations and KCBS cluster team leaders to assess problems, issues and gaps.
- Gave workshops on strategic plans and AMC services.
- Gave presentation to USAID on role of associations in encouraging business ethics.
- Developed draft guidelines for the strategic planning competition.
- Worked with board members and staffs of targeted associations to help them strategically assess the future and to draft their strategic plans.

**Major Finding**

The economic-development role for associations has not been fostered in Kosovo due to an inherent misunderstanding of market-economic principles. The basic regulations underpinning associations in Kosovo undermine the association sector's sense of public responsibility and are counter to associations becoming self-sufficient and independent of donor assistance.

The UNMIK regulation on associations inadvertently undermines public responsibility by association leaders. This is because the regulation recognizes two types of tax-exempt (nonprofit) organizations: those for the "public benefit" (called "beneficiary" associations) and those for "mutual interest" (called "non-beneficiary" associations). "Public benefit" organizations have charitable or educational purposes versus "mutual benefit" organizations, which would be considered "business leagues" or "professional" associations in the United States. However, by using the terms "public benefit" or "beneficiary", the regulation implies that business leagues or professional associations

have no inherent public benefit. This is a fundamental misunderstanding of the role of business associations but consistent with the opinion of the World Bank.

Business associations are critical to the public interest in a number of major ways. They have a key role in the public dialogue and serve a “free schools of democracy,” which are extremely important in post-communist environments where transparent, pluralistic bottom-up decision-making has not existed in over half a century. They serve as the third-leg of the stool of economic development, supporting government and private sector effects. And by the focusing on the market and the importance of the consumer, they establish and uphold standards of quality and promote, as opposed to constrain, competition. All of this is for the public interest-which is why these organizations are granted tax exemption in the first place.

The distinction within the regulation creates a climate which legitimizes the proclivity, already present within the boards, to focus on self-serving activities to benefit their members without consideration for the market. Board members wish to engage in market protection rather than in promoting competition.

Further, the category of “mutual interest” confuses the difference between business associations that are organized to promote a market segment versus collectives (typically for-profit organizations in Western Europe and the United States) organized to permit small groups of producers to grow, price and market their goods under an umbrella group and to legally engage in pricing and market segmenting practices that would otherwise be violations of anti-trust laws - if Kosovo had any. As a result, a number of Kosovo associations were organized as associations but function as collectives. A collective serves the limited interests of its members while associations have a higher responsibility to society and the public good. Organizations that attempt to do both find themselves trying to serve two masters and, inevitably, fail.

The regulation and how it is administered also contains provisions that hamper associations from becoming economically self-sustainable. The specific wording of the regulation in section 10.5 indicates that only public beneficiary associations are exempt from custom duties and sales taxes. However according to Hamza Gashi, Executive Director, Association for Finance and Accounting Services, both beneficiary and non-beneficiary (mutual interest) associations are exempt from custom duties and sales taxes.

This discrepancy needs to be researched further since Mr. Gashi was adamant on this point, because if both types of associations are exempt from custom duties and sales taxes there is an advantage to registering as mutual interest association if the association wishes to increase its revenues through educational offerings. This is because the regulation requires

beneficiary associations to offer education programs for free or at less than the market rate. This restriction is counterproductive to these associations becoming self sustaining because education programs are one of the major revenue generators for associations, comprising as much as 50% or more of many associations’ budgets in other countries.

One advantage that beneficiary associations have, however, according to Hamza Gashi, is they are exempt from the 20% income tax on funds not expended by year-end. Non-beneficiary associations must pay this tax. The 20% income tax encourages associations to spend every penny and discourages reserves. Without reserves it is difficult for associations to engage in research, development and investment in new programs and services.

Therefore, assuming Mr. Gashi is correct, the regulation forces associations to choose not being able to offer education at market rate reducing their ability to become self-sustaining but being able to avoid 20% tax on unexpended funds at year-end or being able to offer education but be taxed.

Further amendments and adjustments to this regulation are needed. The restriction on educational offering should be deleted; the 20% taxation should be deleted. The regulation should be amended to include a number of different types of nonprofit organizations with a variety of purposes, similar to but fewer than the categories of “501 c” organizations in the U.S. tax codes.

A second major concern is the new law establishing a government agency responsible for accreditation. This law may circumvent the association sector from becoming an independent force within the economy and reinforces the belief that government should have the primary role for this function. Associations in Kosovo should have the opportunity to become self-regulating and accrediting agencies themselves which will enable them to become self-sustainable from the fees generated. Therefore, efforts need to be made to promote the association sector as a vital partner with the government in standards setting. Associations should be encouraged to develop and set minimum standards for health and safety. In turn the associations should encourage the government to adopt the association-created standards. Associations should develop voluntary standards at a higher level; these can become the basis for association sponsored accreditation and certification programs. These accreditation and certification programs can become sources of income generation for the association.

### **Observations**

- Associations in Kosovo are in their infancy with the typical problems that “infant” associations anywhere in the world have, such as small memberships and budgets, lack of strategic focus and a few overextended volunteers doing the work.
- Kosovo associations also have problems similar to those in other areas formerly under communist rule where the basic understanding of the market economy is missing and there has been strong government control.
- Associations in Kosovo also share issues with others in developing economies where donors created associations to fulfill goals of the donors, not of the market, thus creating a mentality of donor dependence instead of self-reliance.

- There is confusion about the appropriate activities for associations. Some NGOS, organized as foundations, are functioning as consulting organizations. Some associations are functioning more like collectives.
- Board members do not understand the higher role of associations to serve the market; there is a fundamental misunderstanding of the phrase “to serve the members” which leads to self-serving, protectionist activities.
- Board members do not exhibit an understanding of fiduciary responsibilities and the importance of avoiding conflicts of interests. Business ethics and transparent governance practices are not grounded in practices.
- Association members and KCBS staff assigned to work with associations have been trained to develop internal management plans related to the structure of the association, not to develop multiple-year strategic plans that focus on the market at a future date.
- Since many of the associations depend on donors to fund specific activities, they have not created realistic budgets; there has been no attempt to tie actual activities to their “strategic plans.”
- With no cadre of association professionals being developed, there is a shortage of capable personnel to run associations.
- There is a need for “association management” services to help manage small associations.

### **Conclusions and Recommendations**

Association boards and KCBS staff assigned to work with associations in addition to the few staff members at two other associations were introduced to major new ideas and approaches that were designed to change fundamental assumptions and mindsets. These concepts were:

- The purpose and mission of association must focus on the market, not on the specific needs of current members
- The purpose, vision and mission of the association should dictate structure and personnel.
- The focus of planning should be what the association does to create the conditions for the “preferred” vision for the future.
- Internal management and structure of associations is only important to the extent these serve the mission.

- The legitimacy of the association is based on the extent to which the association promotes the public interest through ethical business practices of the sector and transparent governance.

It will take time and repetition for these concepts to be understood and implemented. Mentoring associations in the following is necessary:

- Completing their strategic plans and developing tactical plans
- Governance transparency and codes of ethics for the association
- Codes of ethics for the business sector

### Mentoring

One of the challenges in working with various associations has been the confusion between lists of discrete activities versus the objective, purpose or goal of the activities and how they relate to a much larger purpose or mission of the group as a whole. The concept that process is secondary to an end result has been a difficult one to introduce. The concept that there is a way to hierarchically organize a work plan seems to be brand new. Finally, the concept that the plan should show “how” the objectives will be met was also difficult to get across. Therefore, it has been a very long and slow process to introduce so many new concepts. KCBS and other staff members need more time to assimilate the concepts so that the plans will be functional. Several of the plans are on their third or fourth version and still require further work. A number of associations have not presented any written plans in English. Until a draft of a plan is written and translated into English, it is difficult to determine whether the concepts are being applied appropriately.

Therefore a great deal of additional work is needed to mentor the associations in the completion of their strategic plans—and link these plans with the techniques of tactical plan writing which will be introduced by Jack Cox, the next consultant assigned to work with the cluster.

Generally, in the United States, a strategic planning session with a board of directors is held over 1 and ½ days, instead of in a two-hour session. Further development of the plan with the staff takes between 5 and 10 business days; this includes the development of tactics. Budget development takes another 5-10 business days. Therefore, the expectation that the consultant would work with 15 organizations in a 30 day period plus offer training sessions on strategic planning, AMC services and give a presentation to USAID on business ethics was overly ambitious.

To complete the strategic planning process and link the plans to tactical plans and budgets for 10 targeted associations could easily take an additional 6 – 8 weeks of the consultant’s time.

### Governance and Transparency and Business Codes of Ethics

USAID has expressed a great deal of interest in using associations as a vehicle to improve the business climate through the use of ethics, both in terms of the governance of associations, and the association members developing a code of ethics for their profession

or industry. It is clear having met and worked with a number of boards that there is work to be done with the boards of directors on their role and the importance of understanding their fiduciary responsibilities, especially relating to potential conflicts of interest. Having a process set up to assist boards in addressing their fiduciary responsibilities would be a method to address some of USAID's concerns in this area.

In addition, several associations, including the Dairy Producers, Road Contractors and Wood Processers expressed interest in developing membership criteria designed around an agreed upon code of ethics. As a result of the member-driven request for codes and the stated intention of several board members to move forward in this area, it may be prudent for KCBS to mentor them carefully in the development of these codes to avoid them using codes in inappropriate ways, such as division of the market or other exclusionary practices. Further, these should be special care to limit the use of mandatory codes that are difficult to police. A whole project could be designed around either one or both of these needs.

#### Case Studies of Kosovo Associations

There is a need for an information base on effective associations in Kosovo. Many of the examples of successful associations presented to Kosovar associations are those from outside Kosovo. It would be useful to start developing examples of successful organizations within Kosovo.

One success story to be studied is the van association because it is an example of a group that self organized to more effectively serve a market. It is in contrast to many of the other associations that were created by donors. By interviewing the founders, current board members, other members, non members and relevant government agencies, information can be gathered that will expand the knowledge of the Kosovo environment on why this group saw a need and proactively grouped together to fill that need, while many other sectors have needs but did not voluntarily self organize. Questions to be answered include:

- Why did this group self-organize?
- What are the factors that lead to self-organization?
- Why do some groups wait for the government? Donors?
- What is different/same about this group versus other associations KCBS has targeted?
- What can other associations learn from this group?

#### Baseline Information on Targeted Associations

KCBS needs to create baseline on each of the targeted associations (both in the cluster and outside the cluster). Progress should be measured at least quarterly on a number of factors, including number of members, retention rate, recruitment rate; number of programs, types of programs, budget and proportion of revenues from dues, donors, government, publications, education, advertising, sponsorships and other sources of income.

For each association, the following information needs to be gathered in a standard format, including:

- List of all members (address, phone numbers, email addresses)
- Lists of board members and titles (address, phone number, email addresses)
- Number of members
- Demographics of members (e.g., for KAMP, number of cows, hectares of land)
- Number of potential members (in the primary membership category) by region
- Estimated demographics of potential nonmembers
- Types of related fields (some of whom might become supplier or associate members, or customers of association services.)
- Lists of related professional and trade organizations (e.g, for KARC, the association of Civil Engineers, the association of architects, each region and municipalities' road designers)

#### Project Internal Organization

In addition, the project needs to work through some of the complexities of how each cluster works with association and how the grant competition will work, including types and amounts of grants and how the grants will be financially monitored.

#### UNMIK Regulations

Finally, the UNMIK and Kosovo regulations and laws affecting associations need to be studied in depth to determine what needs to be changed in order to support a burgeoning association sector.



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## INVITATION

*The Kosovo Cluster and Business Support Team*  
**Would Like To Invite You To Attend The Jack Cox Seminar On Tactical Planning  
In And For The Associations**

*Date:* March 17, 2005, Thursday  
*Venue:* Hotel BACI, Prishtina  
*Time:* 10:00 am - 4:00 pm

### **Agenda:**

- 9:30 - 10:00 Registration  
10:00-11:30 Intro Remarks  
1. What is Tactical Planning?  
2. How Different than Strategic Plan?  
3. How is it done?  
a) Steps  
b) Which is Most Important  
c) It is Linear/Sequential  
d) Contracting services – Association Services Providers  
4. Presentation of AAPS (American Association of Pharmaceutical Scientists),  
Tactical Plan with Results
- 11:30 – 11:40 Break
- 11:40-13:00 Working Session I  
Sample Tactical Planning for: Kosovo Association of Milk Producers (KAMP)  
a) Examine the Strategic Plan  
b) Identify 3 to 4 strategic Goals  
c) Create Tactical Plans to Achieve Them  
d) Discussion
- 13:00-14:00 Lunch
- 14:00-15:30 Working Session II  
Sample Tactical Planning for: Kosovo Association for Road Construction (RCAK)  
a) Examine the Strategic Plan  
b) Identify 3 to 4 strategic Goals  
a) Create Tactical Plans to Achieve Them  
b) Discussion
- 15:30 – 16:00 Questions and Answers
- 16:15 – 17:15 Cocktails

# Kosovo Associations: *Thinking Strategically toward 2009*

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# *KCBS Project*



Help Kosovo businesses and associations  
anticipate and meet the demands of the EU  
market in 2009

# *KCBS Goals: Self Sustaining Associations*



- By September 2006, donor support will not exceed 50% of revenues
- By September 2007, donor support will not exceed 30% of revenues
- By September 2008, donor support will not exceed 20% of revenues

# Why this seminar?

- Association members in Kosovo have been trained to write by-laws and *action* plans.
- Kosovo associations need *strategic* plans.
- An action plan is a list of separate projects.
- A strategic plan is a cohesive roadmap of where the organization needs to go.
- By-laws only tell you how the organization is structured.
- Strategic plans tell you what the organization does and why.

# *Process to Achieve KCBS Goals*



- Train associations in strategic thinking
- Meet with association boards to design “donor exit strategies” by 2009
- Refine strategic plans developed at board meetings with mentoring
- Provide grants to associations with future-oriented strategic plans

# *Topics for Today's Workshops*



Morning:

Strategic Thinking: 2009 Environment and the Market

Afternoon:

Elements in Strategic Plan

## *Key Concepts:*

- Associations have a unique role in private sector development.
- There is a strategic management process on future results NOT current activity.

*EU competitive marketplace has certain assumptions about business behavior*



- *A mature* association sector is an EU membership requirement.
- Kosovo associations can help businesses prepare.
- Strategic plans enable Kosovo associations and its members to prepare for 2009.

*Are there some things that are so important to  
your survival*



- That you do not trust the government to do for you?
- That can only be achieved through public-private and inter-business cooperation?
  - The government cannot take the lead.
- That you are willing to work together with competitors to accomplish?

# *4 Groups of Players in Private Sector Development*



- Government Agencies
- Business (private sector providers)
- Associations (business membership organizations)
- Donors and other NGOs

# *Associations are not a subset of the business world.*

- An economic force of their own.
- Different motivations and characteristics than for-profit.
- Must respond to both commercial and social demands and priorities.
  - Associations **MUST** represent the public good and not just members' self-interests.

# *Why do associations exist?*

- Individuals/companies cannot and should not do everything on their own.
- Government agencies have multiple and conflicting constituencies and interests.
- Groups of individuals/companies form associations to
  - Create capacities they cannot achieve individually.
  - They do not trust the government to do for them.

# *Economic Role of Associations*

- Promote healthy and viable market for their members
- Promote growth and prosperity of
  - Members – both current and future
  - Related business sectors – both direct and indirect
- Contribute to dynamic economy:
  - Assure competitive environment
  - Provide core services
  - Networking among members, private service suppliers to members and other stakeholders to promote efficiency and innovation

## *Political Role of Associations*

- Contribute to growth of democratic processes
  - “Associations are the free schools of democracy.”
- Training ground for consensus-making
- Vehicles for collective expression independent of party affiliation or political ideology

## *Incorporation*

- Association is a legal entity independent from the individual members that make it up.
  - Therefore it has interests independent of members.
- Can enter into contracts and own property.
- Can make a profit.

So what distinguishes an association from a consulting firm?

## *Non profit status based on societal good.*



Non-profit is a tax status based on government determining association purpose will help society:

- Develop standards that protect consumers
- Educate consumers on business issues
- Enable Corporate Social Responsibility
- Create and polices business ethics

*Non-profit status has nothing to do with making profits or not.*

- Non-profits can charge for goods and services.
- Non-profits can make a profit.
- The profits cannot inure (be distributed) to the individual members.
- Profits can be used to:
  - Develop new products and services
  - Buy property
  - Make investments

# *Essence of Associations*



- Voluntary participation
- Ownership by members
- Governance by members

“Every member must perceive benefit and ownership for an association to thrive.”

# *Associations Defined as Types of Business Membership Organization*



- Business Associations (non profit)
- Chambers
  - Continental Model (public law status-mandatory membership)
  - Anglo Saxon Model (non profit-voluntary membership)

# *Types of Business Associations*



- Trade/industry—industry standards, certification, advocacy, education/training, trade negotiations, quota allocation, arbitration, quality upgrading, industry research/statistics
- Characteristic- specific (e.g SME, Women's, Regional)—entrepreneurship training, finance schemes, group services
- Employers—Interest representation vis-à-vis unions, professional information, and training

# *Other Non-Profit Organizations*



- Foundations
- Institutes
- Think Tanks
- Charities
- Social Service
  - Education
  - Health care
  - Arts and culture

# *Cooperatives*



- For-profit
- Incorporated
- Exempt from anti-trust act
  - Allows businesses to set prices and allocate markets
- Profits being returned to members (cash or allocated to a capital account in each member's name)
- Allocated funds used by management to operate business, take out loans and own property

# *Kosovo Association Hybrid: Can They Really Work?*

- Conflict of interests between social concerns of association and commercial concerns of cooperative
  - Undermines ability to effectively advocate
  - Lack of sufficient investment in commercial capital
  - Mixed message to donor community

**You cannot serve two masters!**

# *Lifecycle of Associations*



- Infancy
- Adolescence
- Maturity
- Old Age

## *Distinguish between Development Issues*



- Specific to Kosovo
- Generic to all areas undergoing major development

# *Recognize Difference*



- Early stage of development (infancy)

versus

- Being in developing economic environment with political uncertainty and fledging legal environment

## *Strategic Plan Can Reduce Growing Pains*



- Many of the issues facing Kosovo associations are typical of the beginning stages.
- With the development of a strategic plan that defines an “end point”, associations can target your activities toward achievement, not just “activity.”

# *ALICE IN WONDERLAND*



ALICE: Would you tell me, please, which way I ought to go from here?

CHESHIRE CAT: That depends a good deal on where you want to get to.

ALICE: I don't much care where.

CHESHIRE CAT: Then it doesn't matter which way you go.

# *Strategic Thinking Comes First*



- Look at future market conditions first
- Determine what members need for future
- It will be obvious what the association will need to do to:
  - promote healthy market
  - prepare the members to compete

# *Strategic Plans are Different from Business Plans*



Profit is not the only motive.

- Consumer welfare

- Fair and competitive market conditions

# *Strategic Management Steps*



- Strategic thinking
- Strategic planning
- Strategic implementation

# *Strategic Management Models*

OLD



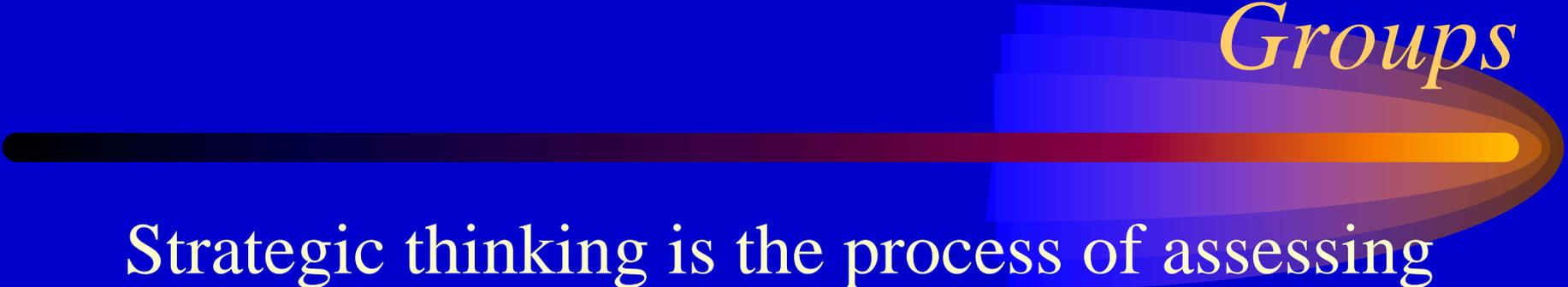
NEW



## *New Strategic Management Process*

- Considers trends and customers needs
- Focuses on desired results in the future
- Reviews strategic options
- Adopts strategies that adapt to future environments
- Applies financial and human resources to support adopted strategies

# *Strategic Thinking Considers 3 Groups*



Strategic thinking is the process of assessing future effects of outside forces on:

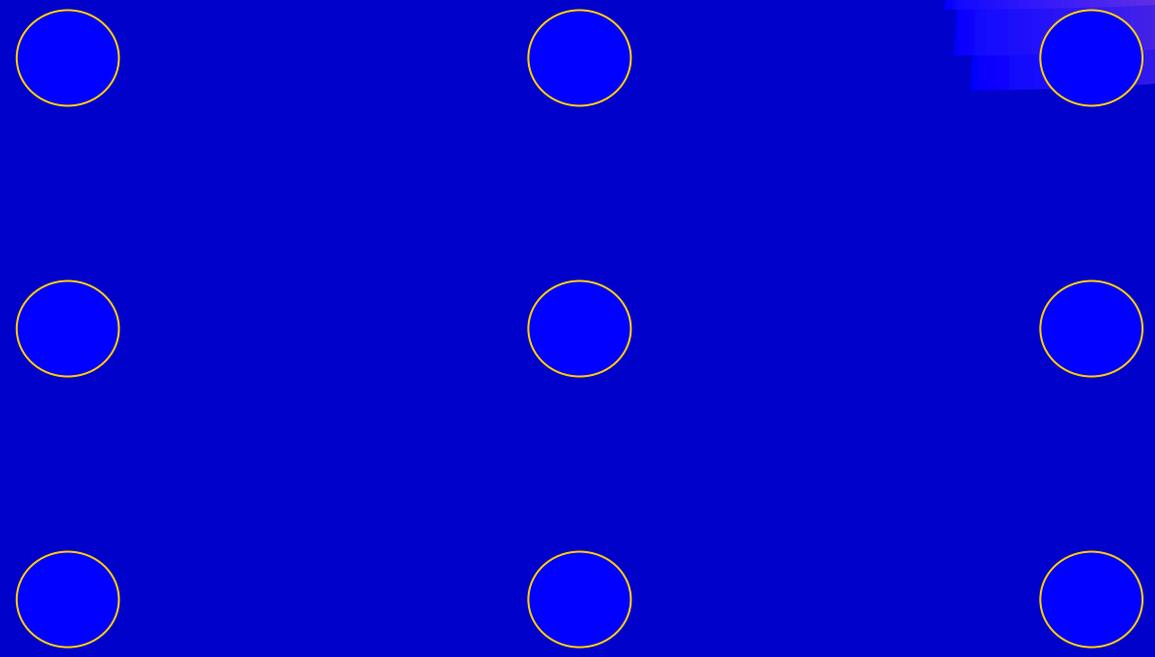
- The market: who the members sell to/will sell to
- The members
- Association itself

# *See Opportunities*

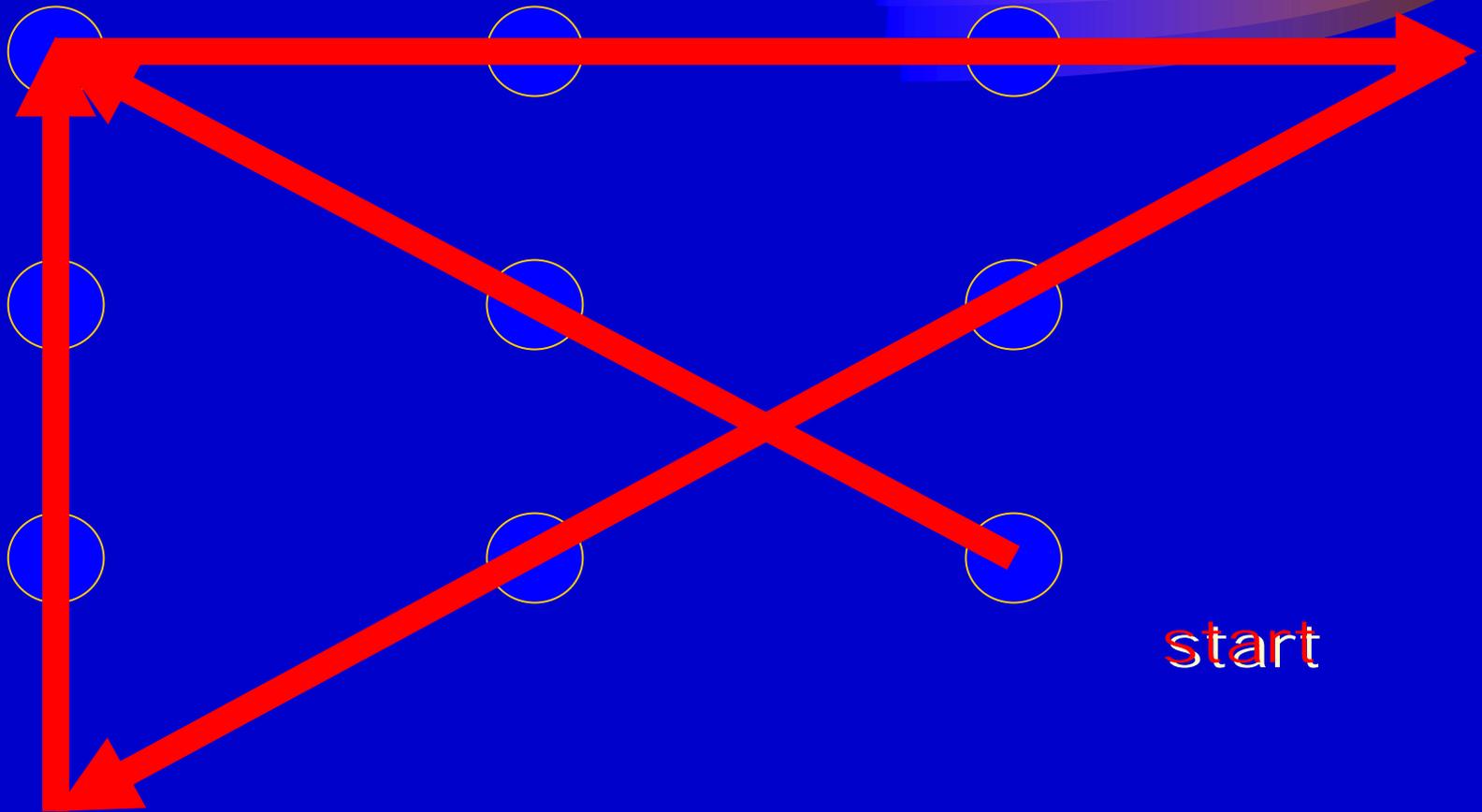


- Learning to see opportunity where others see only dangers
- Go outside the box.

# NINE DOT PUZZLE



# *THE SOLUTION*



# *Strategic Focus Shift*



OLD:

The way things are now and plan from present to future

NEW

The way the future will be based on trends and plan backward to present

# *Benefits of Planning from Future to Now*



- Focus only on the problems that need to be solved to ensure the results the association wants by 2009 in the areas that the association can “control.”
  - Some things will be solved by government, other associations or businesses.
- The future vision shows end results
- Seeing a new possibility fosters hope

# *Assumptions underlying EU and American Marketplace*



- Rule of Law
  - Laws
  - Enforcement
  - Transparency
- Property rights
- Individuals and associations will act in their own self-interest
- Consumers benefit from competition

# *Current Situation*



- Donors providing services that compete with associations.
- Donors providing 80% of funding for associations.
- Domestic and foreign markets are separate.
- Irrational tax policies undermine competitiveness of domestic businesses
- No laws on collusion, price fixing or division of markets in Kosovo.
- No respect for Intellectual Property Rights (IPRs)
- Credit difficult to obtain

*What are the trends that will manifest in the  
EU environment in 2009?*



*Questions to answer that will determine strategic positioning for 2009*



- Who will be your business segment's customer in 2009?
- Who will be the competitors?
- How does a business serve that customer? (What will the customer expect in 2009?)
- What does the association need to do over the next four years to help members prepare to serve the 2009 customer?

# *Groups Share Results*



## *Closing*



- Please schedule your association's board meeting so we can work on your strategic plan!
- Thank you for being with us!

## *Addendum: 2009*



The following slides show a number of trends that are likely to be present in Kosovo.

## *Current trends that are likely to become reality.*



- Donors work through associations – if they are involved at all.
- Donors providing less than 20% of funding for associations.
- Trade liberalization and regional markets.
- Tax policies are rationalized.
- Government corruption and market collusion policed.
- IPRs protected.
- Credit markets reformed.

# *Competition to Associations From Donors Gone in 3 Years*



Opportunity to offer services for fees:

- Education/training
- Conferences
- Publications
- Certifications
- Quality setting
- Other services

# *National Markets become Regional Markets*



- Many bilateral free trade agreements within region.
- Competitive pressure on businesses and farmers from outside Kosovo.
- Opportunity for Kosovo to expand selling outside boundaries.

## *Unfair Market Conditions Addressed*



- Under EU other country trade barriers reduced or removed.
- Unfair VAT on raw materials removed.
- Laws in Kosovo meet EU standards: no collusion, price fixing or allocation of markets.
- Laws are enforced.

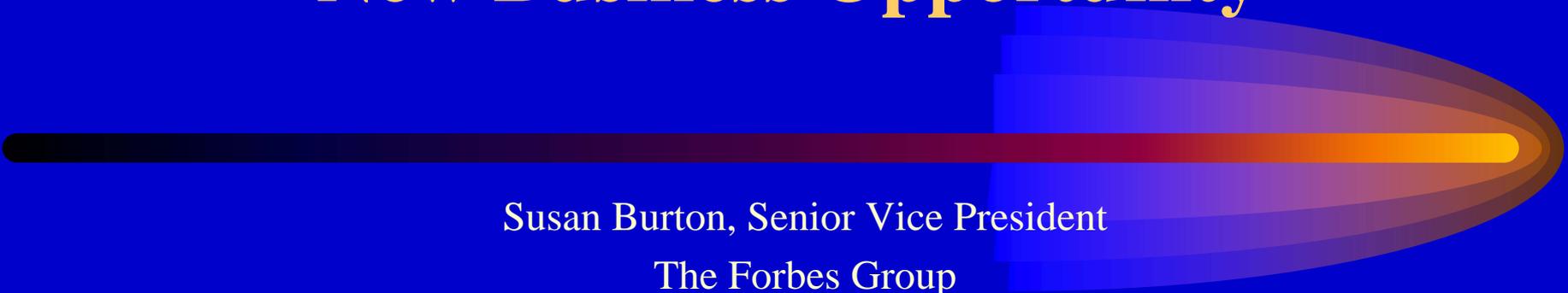
# *Credit and Insurance Available*



- Agricultural Loans
- Insurance



# Association Management Companies: A New Business Opportunity



Susan Burton, Senior Vice President

The Forbes Group

*“Helping clients to think, plan, and act strategically”*

10355 Democracy Lane

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# *KCBS Project*



Help Kosovo businesses and associations  
anticipate and meet the demands of the EU  
market in 2009

# *KCBS Creating Self-Sustaining Associations*

- By 2009 KCBS is preparing a number of associations to be self-sustaining.
- These associations will need to be managed by people who have business skills and who have specialized association knowledge.

## *Why this seminar?*

- Private sector businesses in Kosovo have many of the skills needed to run associations.
- Many associations in the U.S. and Europe are managed by for-profit companies.
- For-profit companies that run non-profit associations are called “Association Management Companies” (AMC).
- You may want to add AMC services to your offerings.

# *U.S. Association/AMC Statistics*



- 70,000+ business associations
- Most associations have less than 3 staff
- Approximately 240 AMCs
- Average AMC runs 5 associations

## *Key Topics*

- Kosovo's business environment in 2009
- Private sector provider skills
- How AMCs work
- Role of associations in private sector development
- Association basics

## *Kosovo's Business Environment in 2009*



- Market is regional, increasing competition.
- EU rules prevail:
  - Rule of Law and enforcement
  - Property rights and intellectual property
  - No price fixing, collusion or allocation of markets

## *Kosovo Association Environment in 2009*



- A number of associations are self-sustaining with very small grants from donors or government.
- Associations play important role economically and politically.
- Associations provide core services that donors used to fund.

*By 2009 Kosovo will have a market for  
AMC services*



This is an opportunity for you to expand your  
business to serve this emerging sector.

# *Private Sector Provider Skills*



- Accounting/bookkeeping
- Information technology/data/website
- Meeting planning/negotiations
- Mailroom/shipping and fulfillment
- Research/statistics/report writing
- Advocacy/development of position papers
- Office services: receptionist, clerical
- Publication/writing/editing

# *Expand Scope of Services*



Private sector firms that have any of the current set of business services skills could add association management to your mix to become an AMC.

# *Association Management Firms*



- Provide basic office functions
  - Office, phones, faxes, computers
  - Receptionist, mailroom, clerical,
  - Budgeting, accounting, bookkeeping
- Provide specialized association skills based on purpose and functions of associations

# *Management of Association*



- Most associations begin with members entirely running and managing the association.
- Management is delegated to staff when association can hire staff.

## *Staff Management: Free Standing versus AMC Managed*

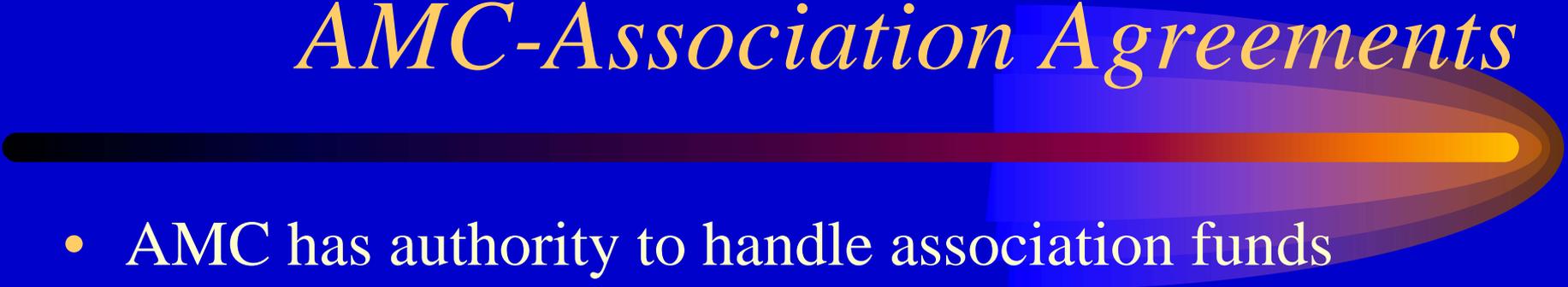


- Association can be “free-standing” with staff hired directly by association.
- Association can be run by AMC with staff hired by for-profit company but assigned to work with association.

## *AMCs Revenues*

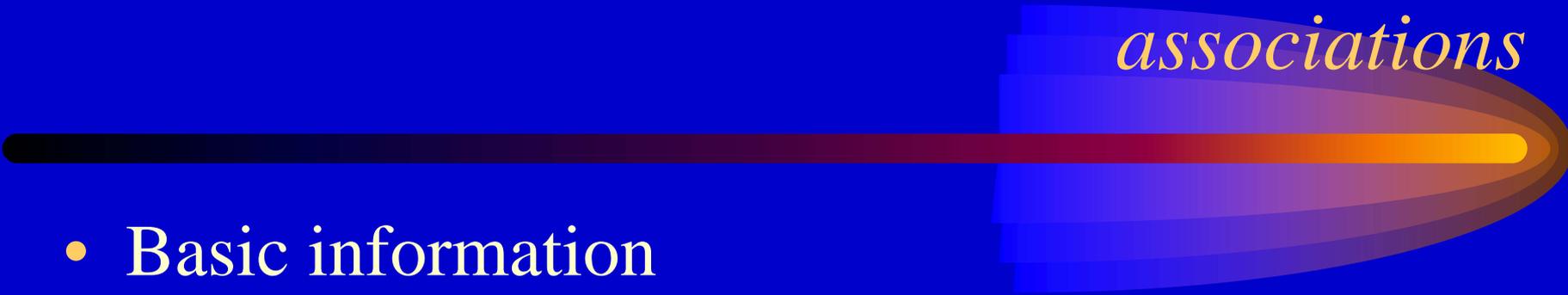
- Fee to house the association (e.g., provide an address, answer phone, furniture, equipment)
- Fee to manage the association (e.g., full or part time executive director, accounting, database, )
- Fee for specialized services (e.g., newsletter, conference)

# *AMC-Association Agreements*



- AMC has authority to handle association funds
- Bank accounts solely in association's name
- Association is responsible for expenses incurred by AMC on its behalf
- AMC has authority to enter into contracts on behalf of association (e.g., hotel meeting space)
- Association agrees not to hire AMC staff
- AMC-association agree to indemnify each other

*As AMC you need to know about  
associations*



- Basic information
- Additional resources:
  - American Society of Association Executives
  - International Association of Association Management Companies

# *What is an association?*



An association is an organizational structure to bring people or companies together voluntarily, so they can collectively do things that they could not do individually, to serve common purposes and to serve the social welfare.

# *Why do associations exist?*

- Individuals/companies cannot and should not do everything on their own.
- Government agencies have multiple and conflicting constituencies and interests.
- Groups of individuals/companies form associations to
  - Create capacities they cannot achieve individually.
  - They do not trust the government to do for them.

# *4 Groups of Players in Private Sector Development*



- Government Agencies
- Business (private sector providers)
- Associations (business membership organizations)
- Donors and other NGOs

# *Associations are not a subset of the business world.*

- An economic force of their own.
- Different motivations and characteristics than for-profit.
- Must respond to both commercial and social demands and priorities.
  - Associations **MUST** represent the public good and not just members' self-interests.

# *Economic Role of Associations*

- Promote healthy and viable market for their members
- Promote growth and prosperity of
  - Members – both current and future
  - Related business sectors – both direct and indirect
- Contribute to dynamic economy:
  - Assure competitive environment
  - Provide core services
  - Networking among members, private service suppliers to members and other stakeholders to promote efficiency and innovation

## *Political Role of Associations*



- Contribute to growth of democratic processes
  - “Associations are the free schools of democracy.”
- Training ground for consensus-making
- Vehicles for collective expression independent of party affiliation or political ideology

# *Associations Defined as Types of Business Membership Organization*



- Business Associations (non profit)
- Chambers
  - Continental Model (public law status-mandatory membership)
  - Anglo Saxon Model (non profit-voluntary membership)

# *Types of Business Associations*

- Trade/industry—industry standards, certification, advocacy, education/training, trade negotiations, quota allocation, arbitration, quality upgrading, industry research/statistics
- Characteristic- specific (e.g SME, Women's, Regional)—entrepreneurship training, finance schemes, group services
- Employers—Interest representation vis-à-vis unions, professional information, and training

# *Other Non-Profit Organizations*



- Foundations
- Institutes
- Think Tanks
- Charities
- Social Service
  - Education
  - Health care
  - Arts and culture

# *Cooperatives (not run by AMCs)*



- For-profit
- Incorporated
- Exempt from anti-trust act
  - Allows businesses to set prices and allocate markets
- Profits being returned to members (cash or allocated to a capital account in each member's name)
- Allocated funds used by management to operate business, take out loans and own property

## *Incorporation*

- Association is a legal entity independent from the individual members that make it up.
  - Therefore it has interests independent of members
- Can enter into contracts and own property.
- Can make a profit.

So what distinguishes an association from a consulting firm?

*Non profit status based on societal good.*

Non-profit is a tax status granted by governments to recognize organizations that association purpose will help society):

- Develop standards that protect consumers
- Educate consumers on business issues
- Enable corporate social responsibility
- Create and police business ethics

*Non-profit status has nothing to do with making profits or not.*

- Non-profits can charge for goods and services.
- Non-profits can make a profit.
- The profits cannot inure (be distributed) to the individual members.
- Profits can be used to:
  - Develop new products and services
  - Buy property
  - Make investments

# *Essence of Associations*



- Voluntary participation
- Ownership by members
- Governance by members

“Every member must perceive benefit and ownership for an association to thrive.”

## *Members voluntarily participate.*

- Attend and vote at annual business meetings
- Attend association functions
- Develop programs and services
- Serve on committees
- Recruit other members
- Write publications
- Serve as faculty to educate other members

## *Members “own” the association.*

- Ownership of associations is different than ownership of a for-profit business or cooperative.
- Members “own” the association in sense of believing in it, being willing to work on behalf of it, and participating.
- If association is dissolved, the assets cannot be distributed to members—only to another association.

# *Members govern the association.*



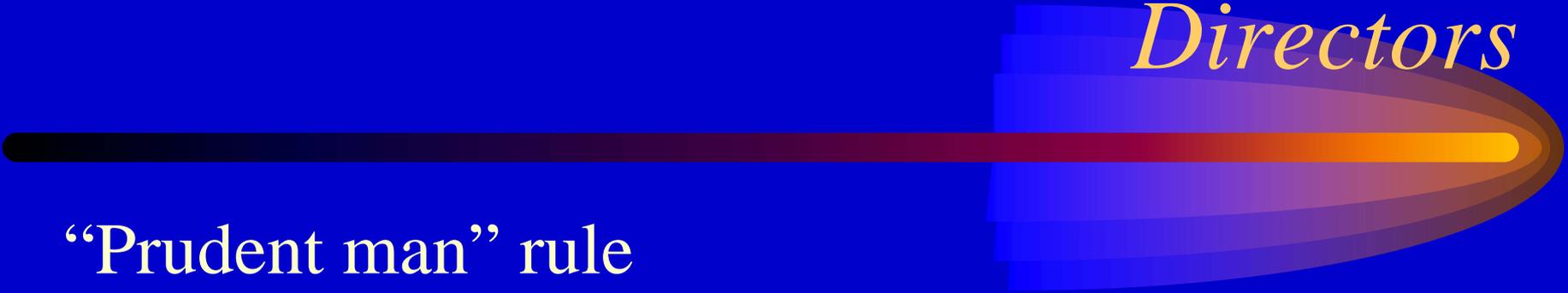
- Members elect other members to serve on board of directors at annual business meeting.
- Board of directors is legally responsible to the entire membership.
- Board of directors governs the association by developing strategic direction and policies.

# *Governance Issues*



- Rules for selection of governing body (Board of Directors) to be clearly outlined in bylaws.
- Board of Director typically elected at an annual business meeting by members.
- Board is the corporate “head” that can be sued.

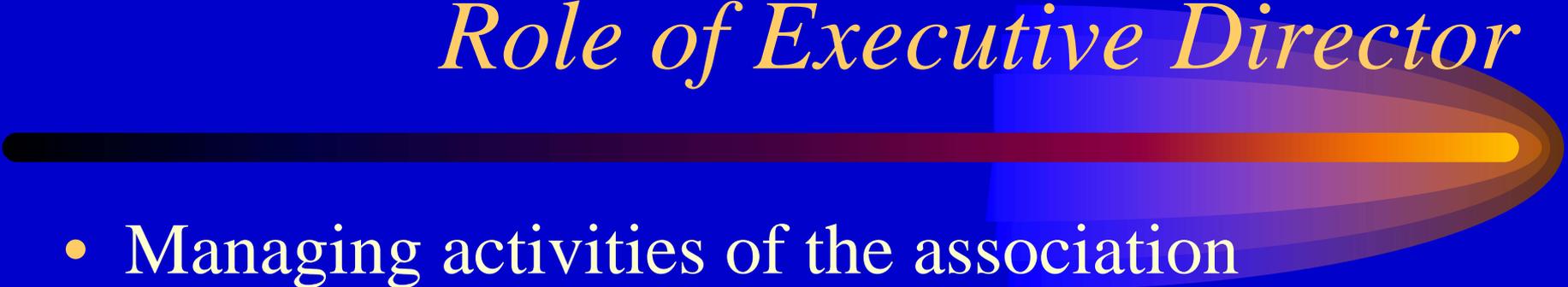
# *Fiduciary Responsibility of Directors*



“Prudent man” rule

- Duty of Care
- Duty of Loyalty

# *Role of Executive Director*



- Managing activities of the association
- Same fiduciary responsibility as board of directors

## *Membership to be open to all eligible*



- Membership definitions must be clear and fair.
- Entry must be open to all eligible.
- Membership acceptance process must be fair.
- Cannot use membership entry rules to limit competition.

# *Removal from Membership*

- Non-payment of dues legitimate reasons for removal
- Due process must be followed
- No arbitrary dismissal based on perception of:
  - Lack of support for association's purpose
  - Unethical behavior

# *Membership Rights*



- Rights for each membership category must appear in by-laws.
- Voting members to attend annual business meeting.
- Business meeting must give adequate notice to all members according to law of locale where association is incorporated.

# *Codes of Ethics*

- Not required by law for associations to have.
- Voluntary guidelines **or mandatory code** of behavior.
- Cannot be used to limit competition.
- Cannot be used to limit ability to attract new business.
- Disciplinary action must follow due process (**if mandatory code.**)

# *Industry Standards and Testing*



- Fair
- Equitable
- Cannot be used to benefit one company, segment or technique/technology
- Replicable

# *Industry Statistics*



- Confidential
- Aggregate
- Past information, not current
- Avoid any information that can be construed as “restraint of trade”

# *Competition to Associations From Donors Gone in 3 Years*



Opportunity to offer services for fees:

- Education/training
- Conferences
- Publications
- Certifications
- Quality setting
- Other services

# *Association Sector in Kosovo*

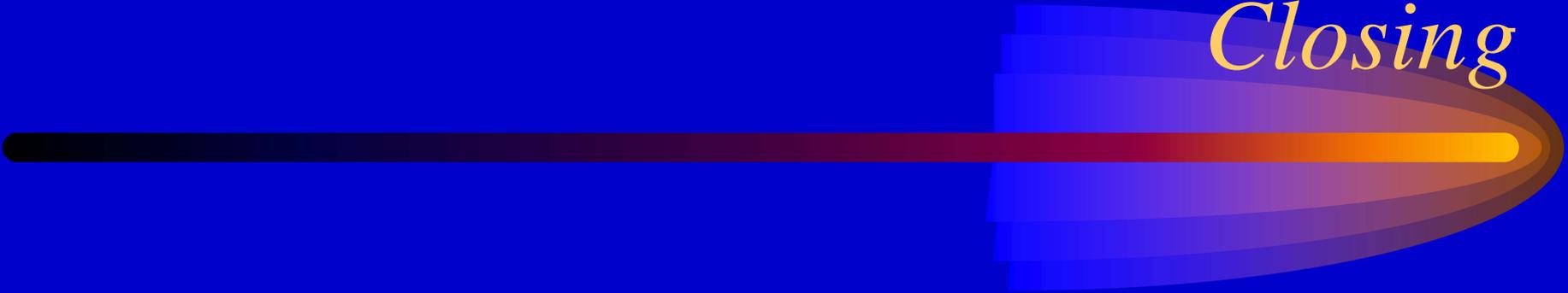


- Will need AMC services within 3 years.
- You can begin to position yourself now to provide these services

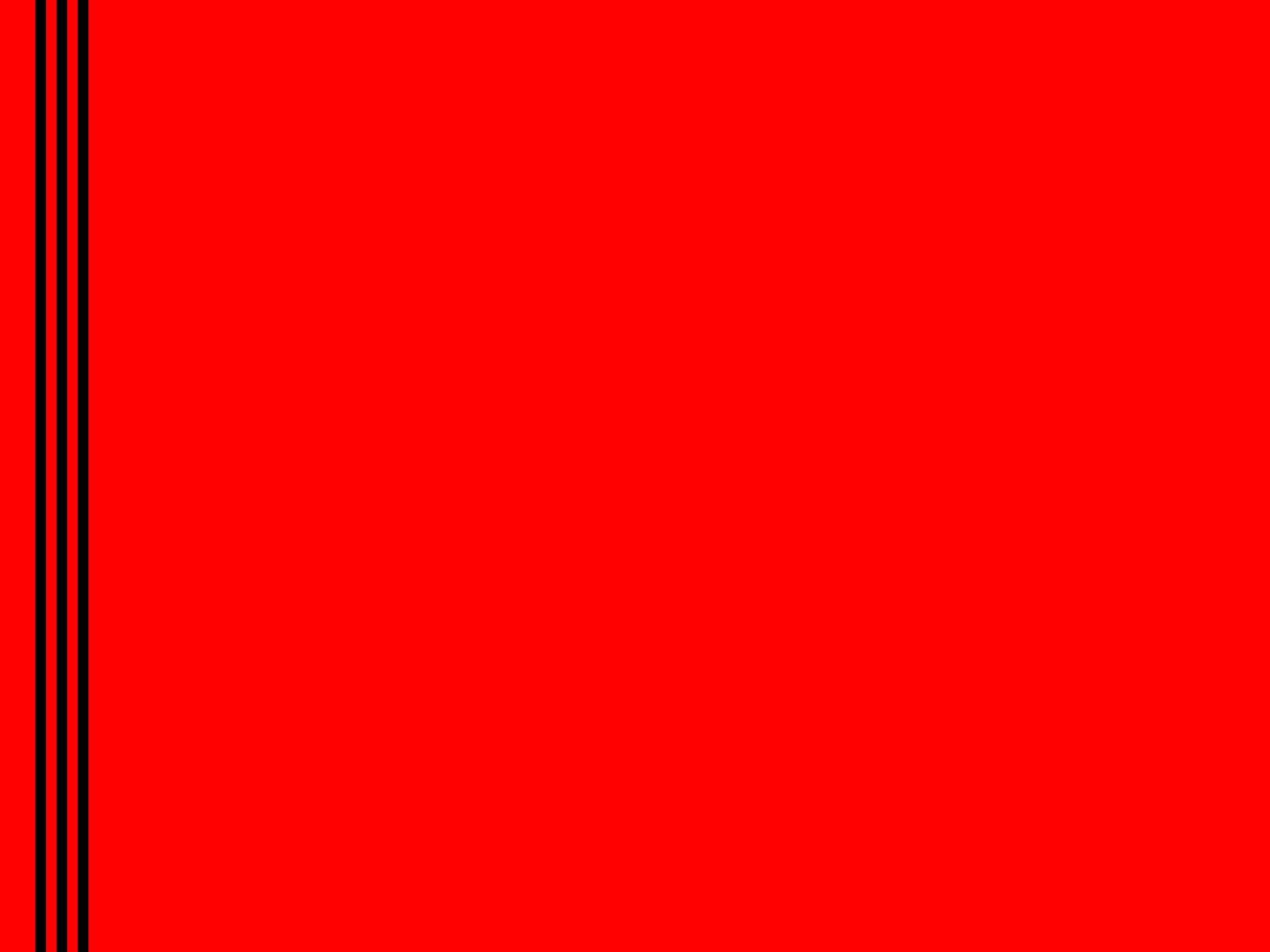
# *International Standard for AMCs*



- Under the guidance of the American National Standards Institute (ANSI), IAAMC has launched a major initiative to upgrade recognition of the quality and competence of our AMC industry.
- The ANSI/IAAMC Standard assists professional association management companies in the establishment of their own internal quality systems, and serves as the source document for the IAAMC Accreditation Program.



*Closing*



# **Strategic Planning and Visioning**

**...but, no  
tactical  
mechanisms  
or machinery.**

**American  
Association of  
Pharmaceutical  
Scientists**

**(AAPS)**

# Snapshot: 4Q '96

- **Small association by definition**
- **Small budget**
- **Limited staff**
- **Small annual meeting with a few exhibitors**
- **Small newsletter**
- **Few workshops**

# **“Dead in the Water”**

- **Reviewed every function with staff and why it existed.**
- **Realigned several activities and functions, discarded others.**
- **Initiated first comprehensive AAPS tactical plan, using leaders’ strategic vision as departure.**

# TACTICAL PLAN

## Step One: Goal Setting

- **What we wanted to accomplish, and why.**
- **How leaders' vision could be operationalized.**
- **What was most achievable, when, and by whom.**
  - **Low-hanging fruit for early victories**
  - **Accountability, by function and calendar**

# Step Two: Barrier Identification

## A. Internal

- Adequate staffing.
- Adequate budgets.
- Correct functional alignments.
- Self Perceptions.
- Communications, Intra & Inter.
- Etc. - specific to every organization.

# Step Two: Barrier Identification

## B. External

- **Market place perception**
- **Real competition from other associations and companies**
- **Demand for P/P/B/S, or lack thereof.**
- **Etc. - Specific to every organization.**

# Step Three: Audience Identification

- **Most associations typically I.D. six to ten.**
- **AAPS identified 79 in its first tactical plan.**
  - **Examples of major groupings include media, foundations, other associations/nonprofits, government, members, prospects, etc.**
- **Recently facilitated association identified 244 audiences in 14 major categories.**

## **Step Four: Vehicles Identification**

- **Note linear, sequential nature of tactical planning; each step logically leads to next.**
- **Most organizations I.D. ten to fifteen vehicles to reach their target audiences.**
- **AAPS identified 99 vehicles in its first tactical plan. Some are synergistic and others are stand alone. All are important, at different times.**

# Step Five:

**Creating an “opportunities matrix” with all the information gained to this point: Overcoming the barriers to achieving a goal specific to one or more audiences through one or more vehicles.**

**FOR EXAMPLE...**

- 1. Pick a SMART goal.**
- 2. Recognize impediments and design ways to overcome or correct them.**
- 3. Match the right audiences essential to that goal.**
- 4. List the vehicles you are going to use to reach those audiences to realize the goal.**

## **GRAPHICALLY:**

| <b>Goal</b> | <b>Barrier</b> | <b>Audiences</b> | <b>Vehicles</b> |
|-------------|----------------|------------------|-----------------|
|             |                |                  |                 |

# Step Six: Scheduling the Plan

Simply schedule out ongoing and/or initial launch and specific completion dates for every goal in the plan, and assign responsibility.

## GRAPHICALLY:

| Goal | Barrier | Audiences | Vehicles | Dates/Dept |
|------|---------|-----------|----------|------------|
|------|---------|-----------|----------|------------|

# Step Seven: Budgeting to the Plan

**If fiscal resources are not tied to the plan and its implementation, its success is in doubt.**

**GRAPHICALLY:**

| <b>Goal</b> | <b>Barrier</b> | <b>Audiences</b> | <b>Vehicles</b> | <b>Dates/Dept</b> | <b>€</b> |
|-------------|----------------|------------------|-----------------|-------------------|----------|
|-------------|----------------|------------------|-----------------|-------------------|----------|

# Step Eight: Periodic Evaluation

- The *sine qua non* of tactical planning.
- Allows for mid-course corrections; what/when to drop, add, change, and why. Should be every three to six months.
- Keeps all staff involved, and maintains their stake in outcome.
- Helps to appoint a “tactical plan sheriff.”

## GRAPHICALLY:

| Goal | Barrier | Audiences | Vehicles | Dates/Dept | € | Period. Eval. |
|------|---------|-----------|----------|------------|---|---------------|
|      |         |           |          |            |   |               |

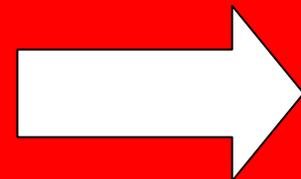
**AAPS identified 84  
action steps in its first  
three tactical plans. It  
rolled out 48 new  
P/P/B/S during 36  
months as a result of  
the tactical plan.**

**EXAMPLES** 

- **Eight-page newsletter making \$25,000 a year in class ads turned into a four-color newsmagazine grossing \$350,000 a year.**
- **Launch of world's first all-electronic peer reviewed, learned journal in pharmaceutical sciences, quickly followed by a second, even more successful journal.**
- **Spearheading seven other associations, and in partnership with the Food and Drug Administration, launched the Product Quality Research Institute (PQRI), a 501c3 corporation designed to end needless testing duplication and speed medication to markets at less cost.**
- **Electronic list servers for every constituent group.**
- **Conversion of nationally recognized Web site into full-blown portal.**
- **Etc., etc., etc.**

# But Does Tactical Planning Work?

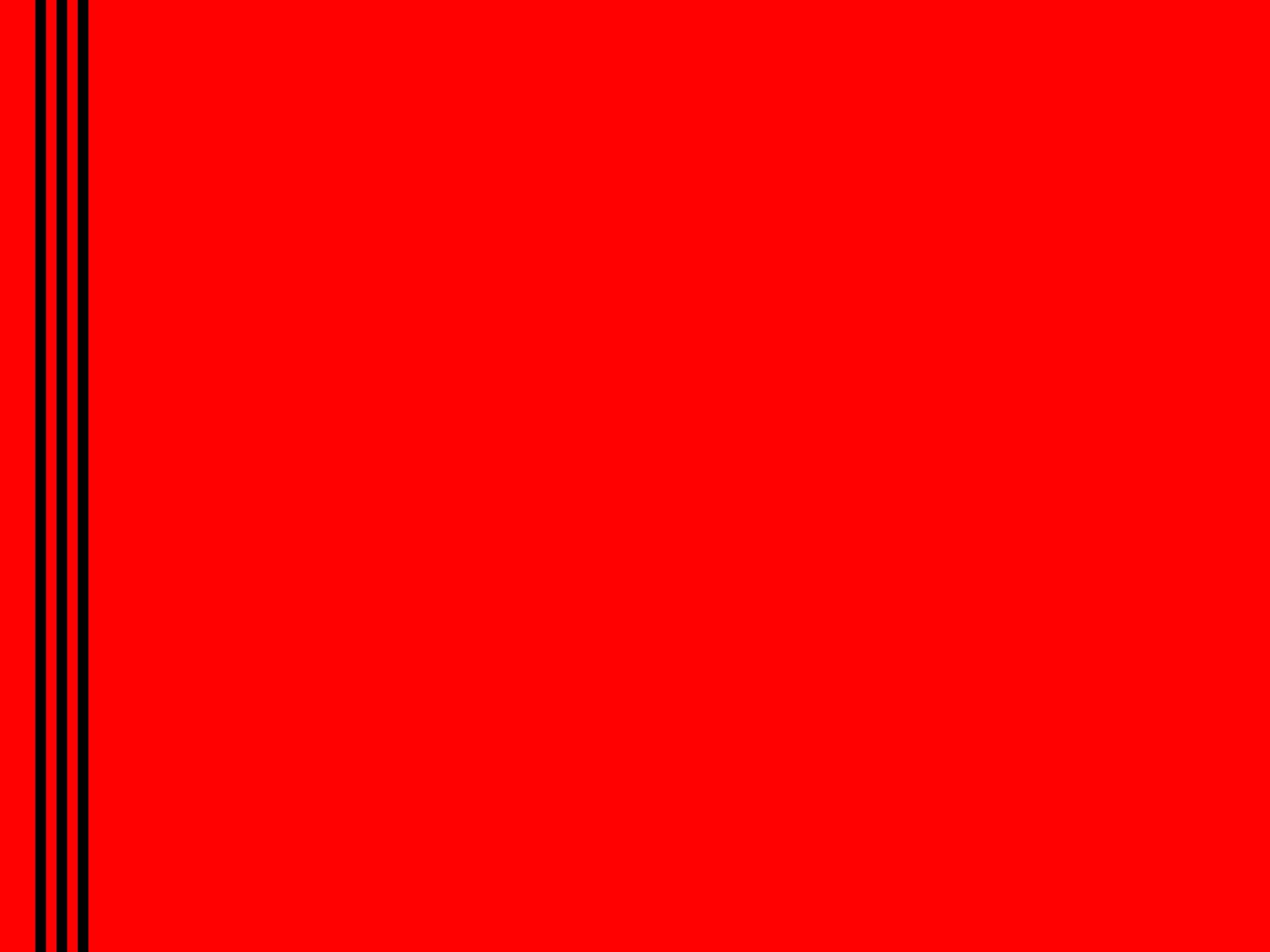
- **Annual meeting growth:** 60%
- **Exhibits growth:** 101.5%
- **Membership growth:** 53%
- **Workshops:** Quadrupled
- **Operating budgets:** 166%
- **Reserves:** 250%



- **Four color newsmagazine, plus two learned journals.**
- **15 workshops.**
- **Electronic placement services.**
- **Portal.**
- **E-commerce, including buyers guides, and B2B.**
- **Electronic peer directories.**
- **Etc., etc.**

**And, tactical  
planning works  
in every  
nonprofit  
organization.**

**IT CAN BE DONE FOR A  
SINGLE PROJECT OR  
GOAL, A SERIES OF  
ACTIVITIES OR...  
MOST VALUABLE ....  
AN ENTIRE  
ORGANIZATION**



## **XXX STRATEGIC PLAN**

The XXX Association was founded so we are the best association we can be of XXX producers.

### **VISION**

Our vision is the XXX association is the best association and our members feel that their interests are protected.

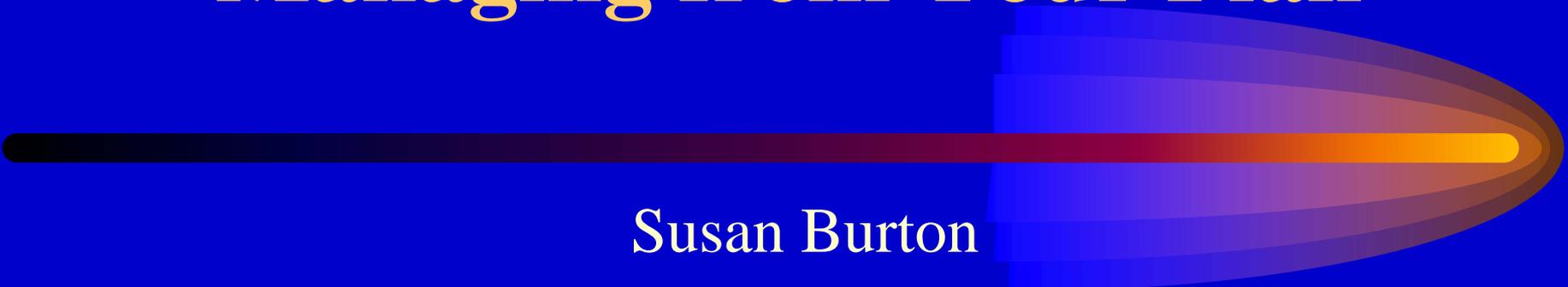
### **MISSION**

XXX's mission is to ensure that our members are the best producers of XXX, that we advocate to protect them from outside competitors and that we do the programs that our donors are willing to fund from the list below.

1. Database. We want a database.
2. "Buy local products" advertising program
3. Training on any topic donor picks.
4. Changing production technology of XXX.
5. Changing packaging of XXX.
6. Getting an office.
7. Getting a testing facility.
8. Strengthening the skills our staff.
9. Researching any issue of professional, economic, social and technical character concerning all facets of XXX.
10. Focus on lack of cooperation between companies of XXX.
11. Select best students and let know about XXX for future career.
12. Facilitate co-operation between constituents and determine future prices for products and suppliers.
13. Develop the infrastructure in (country) name.
14. Clean water in (country).
15. Public awareness: be sure general public understands importance of XXX services.
16. Provide comprehensive member services so every member feels equal that they got value.
17. Improve employee health and safety.

We have an elected leadership of Board of Directors. Our donors are \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

# Strategic Implementation: Managing from Your Plan



Susan Burton

The Forbes Group

*“Helping clients to think, plan, and act strategically”*

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[www.forbesgroup.com](http://www.forbesgroup.com)

# *Strategic Management Steps*

- Strategic thinking
- Strategic planning
- Strategic implementation

# *Strategic Thinking Comes First*



- Look at future market conditions first
- Determine what members need for future
- It will be obvious what the association will need to do to:
  - promote healthy market
  - prepare the members to compete

## *Questions related to strategic positioning for 2009*



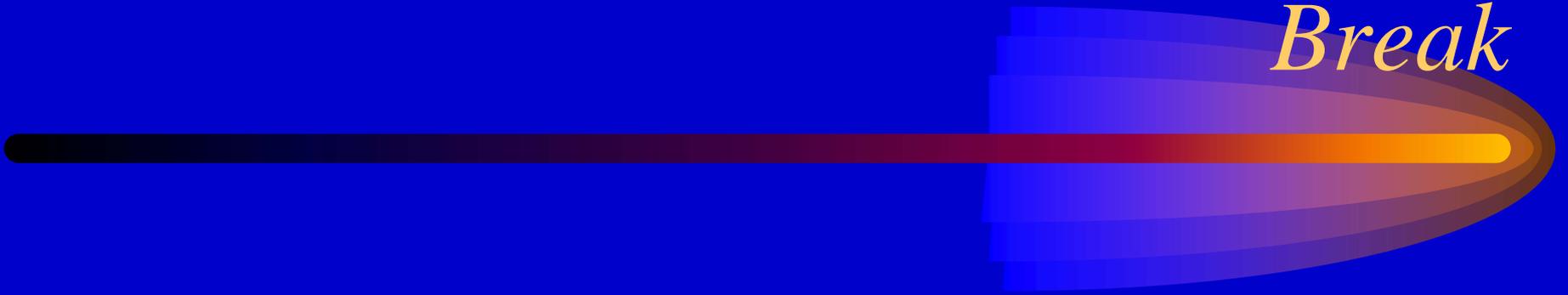
- Who will be your business segment's customer in 2009?
- Who will be your competitors?
- How does a business serve that customer? (What will the customer expect in 2009?)
- What does the association need to do over the next four years to help members prepare to serve the 2009 customer?

# *Results from Strategic Thinking Session*



Groups Share Answers to the 4 Questions

*Break*



# *Strategic Plan*



- Applies strategic thinking of where you need to be in 3 years
- Focuses action—how you get there

# *Ineffective Action Plans*



- Lists of unrelated activities
- Long mission statements
- Wish lists that do not focus activities

*The only measure of success is whether the activities move you closer to the vision.*



- Association success is based on if the activities have an impact on the market.
- A large number of activities is not a measurement of success.
- Lots of projects that are not linked to an overall focus are meaningless activities.

## *Michael Porter*



- “The essence of strategy is determining what NOT to do”
- Strategic Plans are not wish lists.
- Need board consensus; not all members will get everything they want.

# *Strategic Plan Elements*



- Purpose
- Vision
- Mission
- Program Goals
  - Objectives
  - Strategies
  - Tactics
- Management Goals
  - Objectives
  - Strategies
  - Tactics

# *Group Reviews VICA Strategic Plan*



## *Group Reviews Sample Strategic Plan*



- What is good about this plan?
- What does not work in this plan?
- Are you clear what the association feels are its priorities?
- Do you have any idea how the association will achieve its vision from this plan?

# *Strategic Plans as Management Tools*



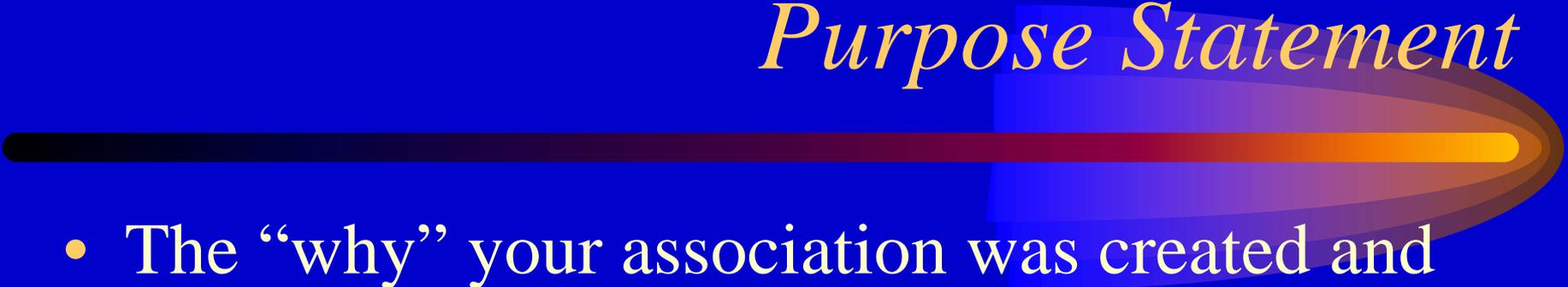
- The plan outlines the activities to achieve the vision by a date certain.
- The plan makes clear what the priorities are.

# *Implementation*



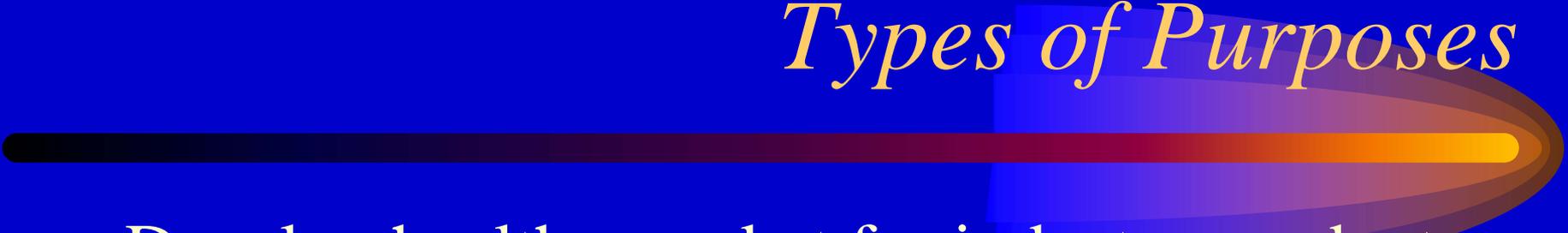
- Who does what by when?
- How much will it cost?
- How much will it generate in revenues?

# *Purpose Statement*



- The “why” your association was created and for whom
- The intended results
- Different purposes require different organizational structures and will result in different types of activities.

# *Types of Purposes*



- Develop healthy market for industry products and help companies compete
  - Structure: trade association
  - Activities: advocacy, standards setting, education
- Make money for each member company
  - Structure: cooperative (for-profit organization)
  - Activities: inputs, delivery systems, group buying

*Vision Council of America  
Purpose Statement*



The purpose of VICA is to bring consumers together with eyecare and eyewear providers to expand the optical marketplace.

# *Vision Statement*

- An organizational vision is a mental journey from the known to the unknown
- A vision is an effort to create the future from current facts, hopes, dreams, dangers and opportunities
- A vision is the desired outcome of a strategic plan at a future point

## *John F. Kennedy*



“:The US will send a man to the moon and get him back safely by the end of decade.”

# *Paltrade* *Vision Statement*



By 2003 PalTrade will be the globally recognized conduit for those seeking commercial information, contacts and partnerships with Palestinian businesses.

# *A Powerful Mission Statement*



- Clarifies what business, industry, profession or special interest the association exists to serve
- Addresses what they value
- Describes lines of businesses (also called program goals)

# *Paltrade* *Mission Statement*



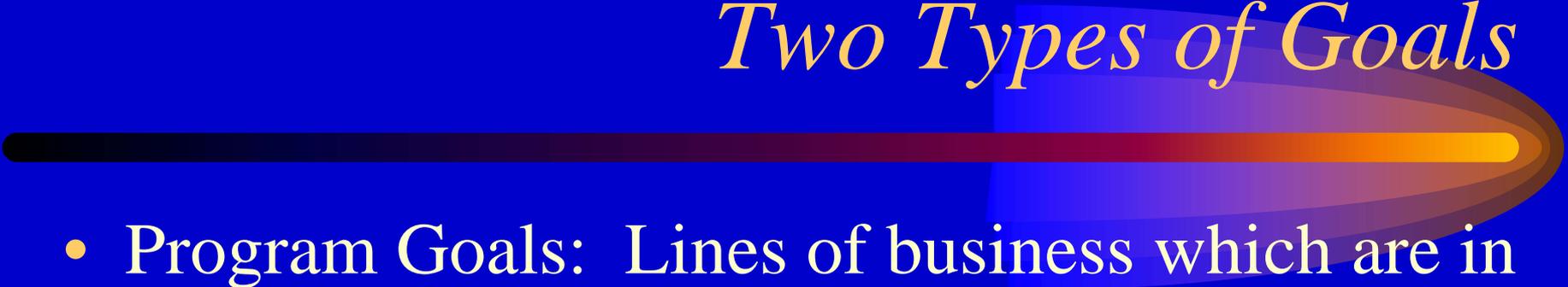
PalTrade mission is to enhance the competitiveness of Palestinian businesses by:

- Promote business practices that improve the financial and operational success of its members
- Providing outreach for its members to domestic and global markets
- Advocate public policies conducive to private sector development.

*Mission Statements Contain the  
Program Goals*

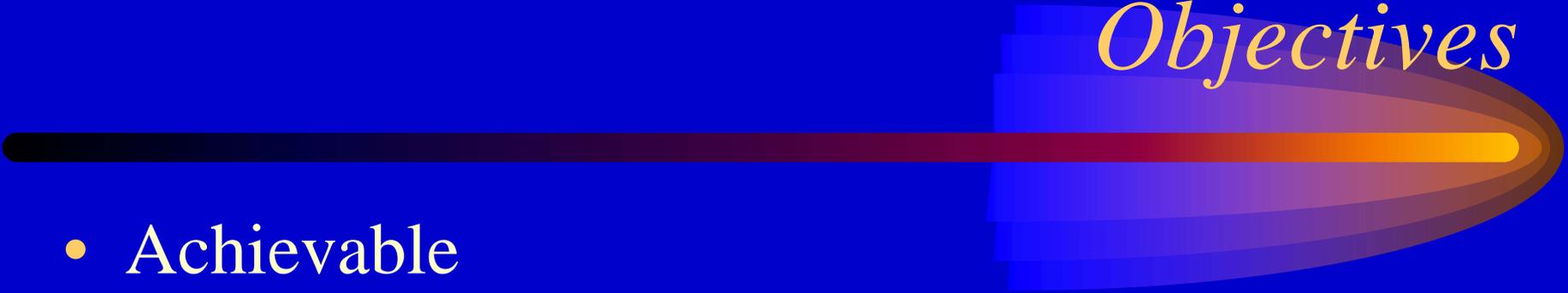


# *Two Types of Goals*



- Program Goals: Lines of business which are in mission statement
- Management Goals: Activities that are needed to support the program goals.

# *Objectives*



- Achievable
- Measurable (when possible)
- Within a time frame



# *Tactics*



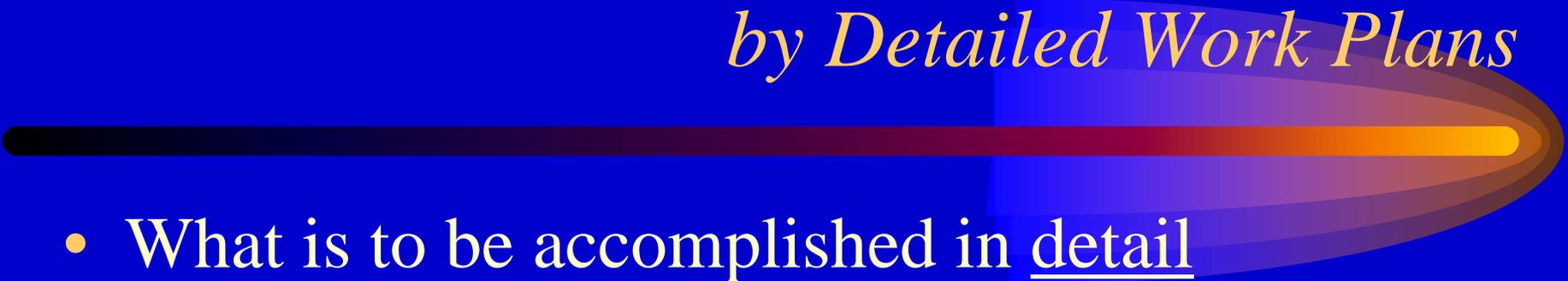
- The detailed steps within each strategy
- Once tactics are developed, add the following
  - Name of person responsible
  - Budget
  - Time frame

# *Strategic Plan is A Living Document*



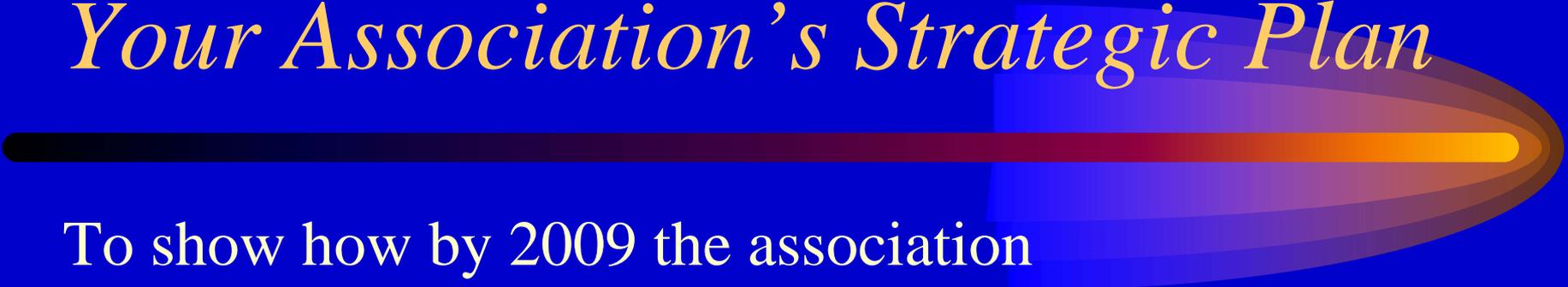
- All actions must relate to strategic plan.
- Goals and objectives remain primary.
- Specific strategies and tactics may change as market conditions change.

# *Strategic Plans Supplemented by Detailed Work Plans*



- What is to be accomplished in detail
- By whom
- By when
- At what cost

# *Your Association's Strategic Plan*

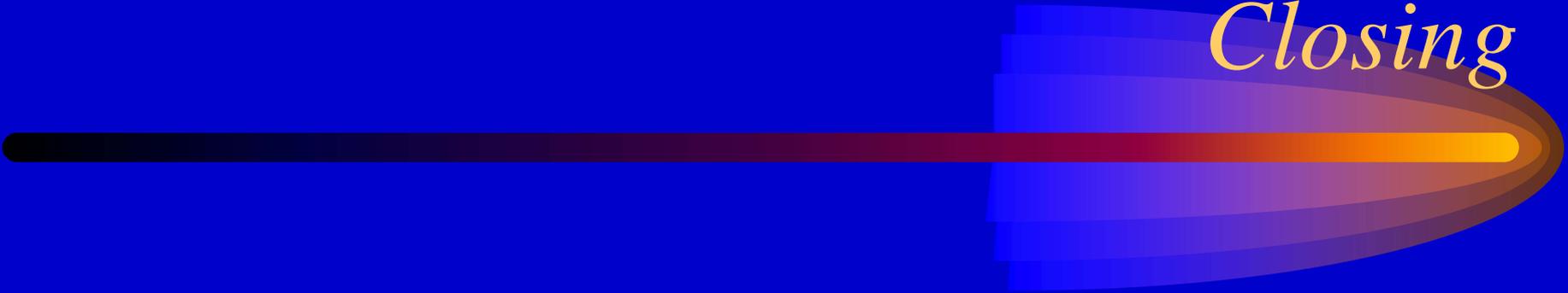


To show how by 2009 the association

- will prepare members for the EU market conditions in 2009.

To show how the association itself will become

- self sustaining
- demand driven (not donor driven)
- partners with business suppliers



*Closing*



# The Role of Associations in Promoting Business Ethics: Helping Businesses to Do Well by Doing Good

Susan Burton, CAE, Senior Vice President  
The Forbes Group

*“Helping clients to think, plan, and act strategically”*

[www.forbesgroup.com](http://www.forbesgroup.com)

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The opinions expressed herein are those of the author (s) and do not necessarily reflect the views of USAID.

# *Where Should Policing Take Place?*



- **Government: Individual versus Society**
  - Harm to Public
  - No conflict with commercial self-interest
  - Minimum threshold
- **Associations: Individual versus Group**
  - Harm to peers
  - Inherent conflict of interest
  - Higher standards

**Codes of Ethics are no substitute for Rule of Law**

# *The Role of Ethical Standards*

- Conflict of interests assumed
  - “In order to justify the public trust, suppliers must distinguish themselves by claiming to be above pure commercialism and setting higher standards of conduct than the minimal rules governing the marketplace.”

# *Association Tax Exemption/Nonprofit Status*



Granted by government because association purpose is benefit the public welfare and the mutual interests of the members .

But the public interest and mutual interests of members can be contradictory!

# *Code is Driven by Conflicts Inherent in Business Relationships*



- Day to day context of profession or business
- What types of ethical problems are members of the association most likely to encounter?
- What unethical decisions and actions would the association like to prevent?

**One Size Does NOT Fit All!!**

# *Codes manage Relationships not Individuals*



- Upwards (management, employer)
- Downward (clients, public)
- Laterally (colleagues, related professions and agencies)

*Which relationships are most important to the  
group*

# Group Consensus

- Members of a group make binding upon themselves
  - Used **ONLY** when necessary to protect the common good
- Aspirations for standards of behavior
  - Covers about 70% of US association codes of behavior
  - “They’re more like guidelines, actually.”  
Captain Jack Straw

# *Principles: Cross Cultural Values*



- Honesty
- Integrity
- Trust
- Loyalty

Principles are based on these values. But there is a wide variation and interpretation of the manifestations of them.

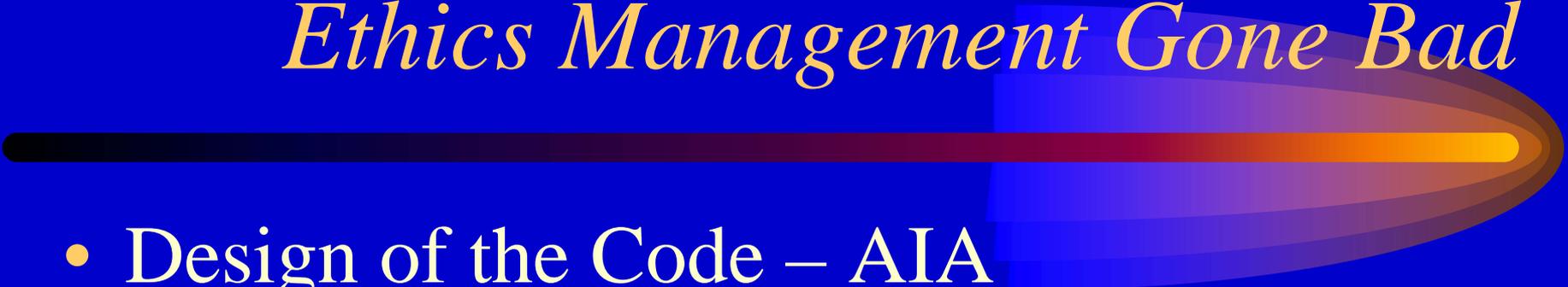
# *Heart of Code: Credible Accountability*



- Defend public interest
- Act as a public advocate
- Work in a cooperative manner with public
- Foster involvement in the aims and objectives of the profession

Center for Study of Ethics in Professions

# *Ethics Management Gone Bad*



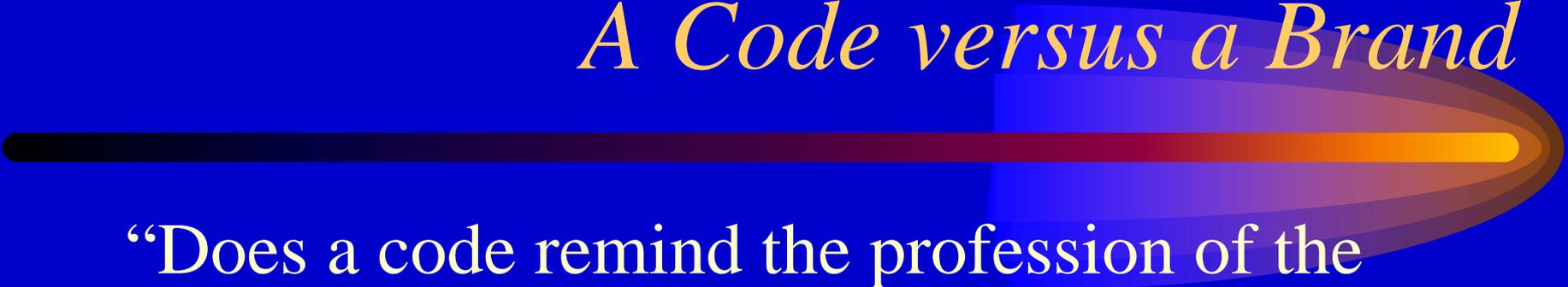
- Design of the Code – AIA
- Design of the Organization - NFCC
- Employer Economic Dominance – AICPA
- Member Economic Dominance – PalTrade

# *Ethical Standards Done Right!*



- Exacting Enforcement – ASTA
- Communal Identity – NAR
- Separation of Conflict – ASID/NCIDQ

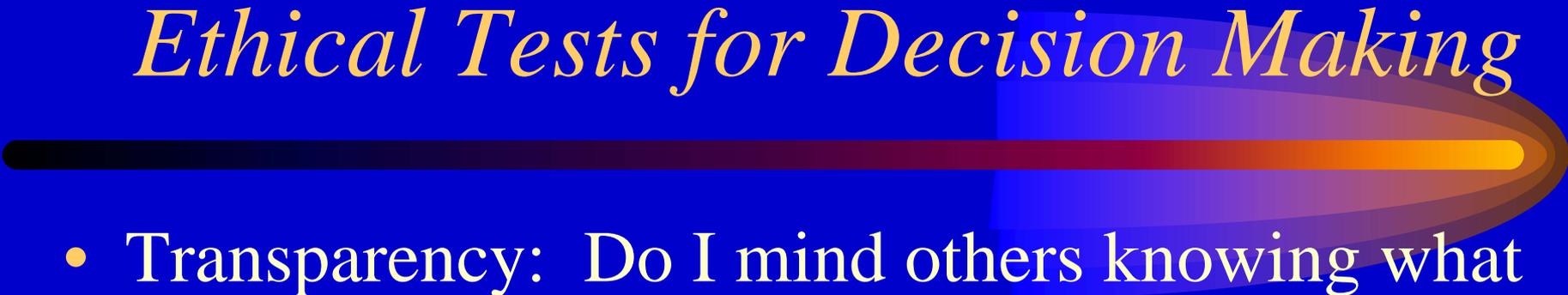
# *A Code versus a Brand*



“Does a code remind the profession of the public’s trust in them or serve the purpose of persuading the public they can trust those who have power and privilege?”

Geofrey Hunt, Freedom to Care website

# *Ethical Tests for Decision Making*



- Transparency: Do I mind others knowing what I have decided?
- Effect: Who is helped/hurt?
- Fairness: Would my decision be considered fair by those who are affected?

Institute for Business Ethics

## *Codes of Ethics Acid Tests*

- Do they limit entry into the market?
- Do they limit competition by segmenting markets?
- Are there barriers to prevent governing bodies enforcing them?
- Do membership criteria avoid structural conflicts?
- Is there due process that protects against spurious charges?
  - **If codes are mandatory and if member's ability to compete is harmed if public learns of infraction.**

# *Doing Well by Doing Good*



Ethical standards contribute to economic development by

- Reducing risks to/increasing confidence through more transparent relationships
- Assuring more productive use of resources
- Advancing the social welfare
- Create an even playing field for all competitors

Draft

TO: Eligible Kosovo Associations  
FROM: (Rick O'Sullivan)  
RE: Guidelines for the Strategic Plan Competition

Kosovo associations that sent representatives to the February 23 or 25 workshops on strategic thinking, planning and implementation are eligible to compete for grants to develop capability to achieve their goals as outlined in their strategic plans.

The deadline to submit strategic plans is: \_\_\_\_ The strategic plans will be reviewed by \_\_\_\_\_ (a team of association experts?) according to the criteria below.

All associations will be informed regarding the competition results no later than (\_\_\_\_date).

Thank you for your interest in this project.

### **Criteria**

The association competition for grants will be awarded to associations that demonstrate:

1. "Strategic thinking" in the development of the vision, mission and goals.
2. Programs to generate revenue
3. Strategies to reduce donor and government funding to 20% of needed revenues by 2009 (with targets of 70% by September 2006 and 50% by September 2007)
4. Approaches to involve related private sector businesses
5. Prioritization of goals, objectives and strategies.
6. Achievable objectives with limited resources available
7. Time frames to show what objectives should be achieved the first, second and third year
8. An understanding that the plan is a management tool to guide work priorities.

### **Strategic Thinking**

Strategic thinking will be defined as a demonstrated understanding of projected EU market conditions as of 2009 and how businesses or agricultural segments represented by the association will need to be positioned to succeed in those market conditions.

Four key questions need to be answered to demonstrate strategic thinking:

1. Who is the 2009 customer(s) of the business or agricultural segment that the association represents?  
Topics include: characteristics of the individual and/or businesses that are customers, geographic location
2. Who is the 2009 competitor(s)?  
Topics include: characteristics of the individuals and/or businesses that are competitors, geographic location
3. What does the business or agricultural segment need to do to satisfy the 2009 customer(s)?  
Topics include: characteristics of the product, price, quality, delivery systems, availability of credit, accurate information about the product
4. What will the association need to do to prepare its members to serve their 2009 customers?  
The plan should answer this question. The answers to this question must be obvious in the strategic plan. Therefore, if the association intends to offer training, the plan should include the types of topics that the training will cover (such as, how to gain and use credit) and not just indicate the association will offer training.

### **The Characteristics and Organization of the Plan**

The plan should be for a three-year time frame, starting as of (date) 2005 and ending as of ( ) 2008.

The plan should be tightly written.

The plan should serve as a management tool to guide the work of the board, committees and staff.

The plan has clearly written, short and memorable vision and mission statements.

The vision statement defines what the association will have accomplished or be known for by the year 2009. The vision statement should tell what business or agriculture segment the association serves, in what geographic territory, and who the customer of the business or agricultural segment will be by 2009.

The mission statement defines the major program goals of the association.

The plan has no more than five program goals (which are listed in the mission statement.) The “goals” can be considered as “lines of business.” An example of a goal is, “to

advocate for rational tax policies and open markets,” or “to set, promulgate and enforce voluntary standards.”

The goals should be listed in order of priority for the association to achieve the vision.

Each goal should list objectives for each goal. Objectives should be achievable and measurable in some way. Each objective should have a date by when it will be accomplished. A person or a group (such as a committee) should be identified as being responsible for achieving the objective.

Under each objective, the strategies to achieve the objectives should be listed in order of priority.

Under each strategy, the tactics to achieve the strategies should be listed in order to get the work accomplished.

The plan should have management goals. These goals are related to the infrastructure of the association, including financial and personnel development of staff and the board of directors.