

# 21<sup>ST</sup> CENTURY PROFESSIONAL ASSOCIATION

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A VIEW OF WHAT A 21<sup>ST</sup> CENTURY PROFESSIONAL  
ASSOCIATION MAY LOOK LIKE AND THE  
FACTORS THAT AFFECT ITS SHAPE, LOOK AND  
FEEL

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**21<sup>ST</sup> CENTURY PROFESSIONAL ASSOCIATIONS**

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**A) SUMMARY:**

The aim of this paper is to prompt a debate that will help organisations identify, anticipate and accelerate their transition into 21<sup>st</sup> Century Associations. The paper gives views, opinions, issues, trends and possible futures that it is believed all Associations may be seeking to understand and resolve. Some of the thinking is ‘out-of-the-box’, needs refining and includes:

1. Lifestyle and consumer, such as the changing attitudes of members and growing reluctance of members to volunteer.
2. Standards, such as the perceived decline in UK examination standards.
3. Government policy, such as the transfer of the Privy Council to the Ministry of Justice.
4. The proposition to members, such as identifying the key reasons why an individual joins an Association.
5. Technology, globalisation and brands, including the extent to which an Association could be run virtually.
6. Work of Associations, such as the need to invest more in marketing.
7. Governance including a description of a new governance structure and four ways this can be achieved..

This debate could lead to, a view of what a 21<sup>st</sup> Century Association looks like and a generic roadmap that identifies key projects and challenges.

(Note: Throughout this paper, the word Association means Institute, Professional Body, Chartered Body or Professional Association.)

**BACKGROUND:**

Professional Associations are multi-purpose and multi-stakeholder organisations. Their activities include all or some of the following:

- |   |   |                             |
|---|---|-----------------------------|
| <ol style="list-style-type: none"> <li>1. Lobbying of government, academia and industry.</li> <li>2. Influencing the above.</li> <li>3. Developing and maintaining professional standards.</li> <li>4. Research – pure, applied and product.</li> <li>5. Examinations – setting, marking and awarding.</li> </ol>                     | } | Tend to be ‘not-for-profit’ |
| <ol style="list-style-type: none"> <li>6. Training and learning.</li> <li>7. Information &amp; libraries.</li> <li>8. Publications.</li> <li>9. Technical advice and consultancy.</li> <li>10. Employment advice and recruitment.</li> <li>11. Member services.</li> <li>12. Other commercial activities such as software.</li> </ol> | } | Tend to be for ‘profit’     |

Their range of activities makes them similar to a small conglomerate or ‘diversified plc’. As a consequence, planning in an Association with a range of synergistic activities is as complex as that in a conglomerate with a range of related businesses.

Strategic planning and Marketing are often not the strongest management disciplines in Associations. This may be for a variety of reasons. For example, many Associations have altruistic or research objectives, they may derive their income from a captive source or their strategic objectives may be predetermined.

Strategic thinking also needs some ‘out-of-the box’ thinking and ‘stretch’, but this presents cultural challenges to Associations’ traditional approach to planning as tabulated below:

<b>Traditional approach to planning</b>	<b>Desired approach to planning</b>
Plan from the present to the future – an incremental rate of change.	Plan from the future back to the present – a visionary, step-wise, faster rate of change.
Build in slack	Build in stretch
Avoid failures and mistakes – low risk	Expect, learn and build on failures – ‘managed’ risk
Normal or slow paced	Sense of urgency
Exact job descriptions - demarcation	Looser job descriptions and structures - flexibility
Management commands respect	Management inspires action and earns respect

Thinking about the future, therefore, presents challenges to many Associations due to the complexity of planning, their skill mix and traditional culture. So, the purpose of this paper is to stimulate a strategic debate on the future of Associations and one which can bring in additional thinking from the organisations. We hope that such a debate would identify:

- + Items that are widely agreed.
- + Additional facts or research conclusions that could be added.
- + Missing items - things not included that need consideration.
- + Ideas or solutions to the challenges many Associations face in moving into the 21<sup>st</sup> century.

## **B) APPROACH:**

The start point was an internal debate within a group of chartered bodies about the future. We then consulted external experts in marketing, professional associations, governance and Government policy. A first draft of this document was written in mid 2008 and discussed with the Professional Institutes within the Benchmark Partnership. The author would welcome further comments, perspectives and thoughts on the 7 themes below:

### **1. Lifestyle and consumer.**

- a. Membership engagement is declining. The rise of the ‘individualistic’ culture and growth in working hours has resulted in a growing reluctance to volunteer or join a ‘club’. Many Associations are suffering from declining engagement and shortage of volunteers, particularly young volunteers, for their governance structures. Is this a permanent change or a ‘fashion’ thing that could bounce back at a later date (like smoking currently is with the younger generation)?
- b. Image problem. Many Professional Associations appear dusty and old fashioned with pictures of ‘grey haired old men in chains shaking hands.’ This potentially causes difficulties in recruiting graduates, women and young members. The image may also be a barrier in engaging some areas of Government.
- c. Weak or unknown public perception. Most members of the public understand that BA/MA/BSc/MSc are academic qualifications. Beyond that they struggle. They probably understand that the “Chartered” title is important and indicates that the holder has met some minimum standard. It is probable, however, that they do not know the meaning of many professional designatory letters. Our understanding of the general public’s perception is limited. Opinion poll data shows a fall in the professions’ standing in public opinion but gives little information on whether the general public:
  - + Thinks that a professional is likely to be more expensive or give better advice.
  - + Knows they have the recourse to a Professional Association if they are unhappy.
  - + Can easily check if someone is properly qualified.
  - + Has confidence in the Professions.

2. Standards.

a. UK examination standards. Our view is that:

- ✚ Graduate level skills are needed for many professions and the average quality of UK graduates has declined.
- ✚ The Government policy of seeking to get 50% of young people through university may be unsustainable. There are doubts as to whether this is required by the employment market and whether it has contributed to lower pass rate standards being set.
- ✚ Professional Associations have maintained their standards but could have done more to communicate this. There is a widening gap between the standard required by a professional body and employers and the standard of the graduate leaving university.
- ✚ Graduates have become used to not “failing” any exam so become distressed if they fail a Professional Association exam. (This may be partly attributable to the current school education culture of not failing and non competitive sport)
- ✚ Exams will increasingly test application rather than knowledge and will involve more case studies.
- ✚ Associations’ ability to sell its exam standards internationally may be impacted by the general decline of UK exam standards (and also where examinees struggle to pass in circumstances where they are used to a lower standard of assessment).

b. Experienced professionals. Professional Associations need better routes for experienced professionals to join them and to better communicate the value of this experience to members who have qualified by the examination route. Perhaps Associations need to embrace their markets with no barriers to membership?

c. Quality control. Customers assume that because someone is qualified that they are good at their job and will give good and sound advice. But, this is not necessarily true.

Professional Associations like to think of themselves as standard setters but they only discipline members for transgressions rather than incompetence, like breach of trust. But, customers also see poor advice as a quality problem. This is something that Professional Associations often do not handle well and occasionally, the Government intervenes with a sledgehammer like the pensions mis-selling and the Clementi review.

So, have the Professions done enough to maintain quality in the eyes of their customers?

d. Misrepresentation. A big issue for branded products is the growth in brand piracy where the brand imitators are producing exact copies. Service brand imitators will probably affect Professional Associations through misrepresentation.

So how easy is it for a customer to check that someone is qualified?

**3. Government and regulations.**

- a. Privy Council. The Privy Council is the ultimate authority for Charter bodies. Will its transfer to the Ministry of Justice change its authority or perspective?
- b. Ministers and their advisers. The Government (in the shape of DBERR, now BIS) are not that favourably disposed towards Professional Bodies. There is a tendency to consult them late and to view their comments as expressions of self-interest. Examples of this include RICS during consultation on the Home Improvement Packs (HIPs) and ICOSA during consultation on the Companies Act 2006.
- c. Fragmented voice. Political friends of Professional Associations comment that the Associations could do more to help themselves - they are too fragmented, too small and their message can be undermined by another Association, member or Association's Department giving a different, and sometimes, contradictory message. The message could be clearer and more joined up. The Engineers, who have 35 bodies, are exploring a forum where they can come together and act as a single voice for the profession.
- d. Regulation. The general trend is to separate regulation away from the Professional Associations to avoid the perception that 'we are looking after our own'. This separation has occurred in the medical, legal and architectural sectors. Could accountancy be next?

In addition, the QCA, QAA and sector skill Councils are trying to put all qualifications into a national framework and are seeking to exercise some control over them. So if the traditional role of a Professional Association was a qualifying and regulatory body, is the future more as a learned society, membership and/or representative body? In which case, how will the proposition to members change?

**4. Proposition to members.**

- a. The original proposition. The original proposition of many Institutes was aimed at the employer. A qualification gave the right to apply for certain jobs and gave a qualified applicant an edge over an unqualified person. Membership gave additional advantages – it showed that the individual was properly qualified, had signed up to the Institute's ethics, had done (or was engaged in) CPD and accepted the Institute's disciplinary codes. This proposition has been undermined. For example, one Association has found that one can no longer say that a person with a qualification and not a member is not qualified to do a job. Therefore the compulsion to join is undermined. And employers tend to recognise that an individual is qualified in a particular discipline but are less interested in whether they are a current member of an Association. In some markets, like marketing, some employers are more interested in an individual's career history than in their qualifications and membership.

- b. The key reasons for joining. Associations need to identify and focus on the 2/3 key reasons why people should join their Association. Perhaps they need to de-clutter their proposition (and the costs that go with it).

The key group to research is the 20-30 year old group as they need a strong reason to join something. What do they join and why? Some people join Associations for exclusivity and status reasons. For example, Oxford and Cambridge blues and international oarsmen are invited to join Leander Club and the acceptance rate is high. Some people join clubs for one clear, demonstrable reason. For example, people join the IOD as it is the cheapest club in London at £300 pa when comparable clubs and venues would cost over £600 pa and more elsewhere. Some people join clubs as they are associated with success. Could Professional Associations promote the use of their Institute brand/logo more and make it a badge of quality, like RIBA, RICS and ABTA?

- c. Pricing. There needs to be a lot more logic about pricing structures. Should Associations have just one service package with one universal subscription price? Or should they offer a menu of services such that if a member wants the magazine or information service they only pay for what they want?

## 5. Technology, globalisation and brands.

- a. Virtual Associations based anywhere. International and UK Associations could become 80% virtual in this electronic age. Voting, communications, website, library, registration, renewals, exam marking and training could all be handled electronically and virtually – one does not need many physical assets. The only area Associations would have to watch is security eg: who sits an exam; maybe the exams are done on a computer in an invigilated environment?

An Association's back office could be anywhere. Associations do not necessarily need to be based in the centre of London, New York, Hong Kong, Kuala Lumpur etc; they could have just a PR office in the city and the rest in a low cost location. Indeed, it could be helpful to have an office in SE Asia as this is the right time zone to answer phone calls from members there and the local staff, for example, would be used to handling local names and addresses. Some have acted on this; for example, ACCA has a small office in London, their main office in Glasgow and offices in many international countries.

- b. International variations. Standards, attitudes and ability to pay are different in different parts of the world. English will remain the global language of business and the Chartered qualification. There may, however, be a few lower level qualifications in local languages. A live debate for many Associations is how many of these international variations they try to accommodate.

- c. Colleges and Universities – are they competitors or collaborators? The targets set for Universities new and old meant that a much wider variety of courses are being offered to attract the requisite number of students. Today in the UK there are now over 40,000 different degree courses being offered. They have become more accessible and offer vocational and professional courses.

They have encroached heavily on the Professional Body sector with a variety of degrees both at Bachelor and Masters Level covering off the majority of business disciplines. Marketing has been the worst affected followed by accounting, production and supply chain management to a lesser extent. Law and architecture have always had a strong collegiate representation but, whilst there is still that regulatory tie-in, the Professional Associations can continue to thrive. Some Associations are considering applying to the QAA for degree awarding powers.

Whose brand is more influential? And which brand is gaining/losing?

## 6. Work of Professional Associations.

- a. Financial strains. Even before the current recession, the business model of many Associations was under financial pressure. Costs may be growing faster than revenues or there may be an over-reliance on profitable publishing businesses under threat from new business models. Some Associations have responded by increasing subscription fees at above inflation rates and justified the increase by adding extra services (and costs) such as careers advice services and help lines.
- b. Invest in marketing. Many Associations have suffered from weak marketing for years, in part as they had a captive market and in part as their services were determined by Charter or constitution. For example, one chartered body wrote its first comprehensive marketing plan in July 2007 and then struggled to engage its senior volunteers in its importance.
- c. Management ability. The level of management ability in many Professional Associations has risen but needs to rise further. This is needed to deliver new levels of performance and to gain the skills needed to handle the more virtual and outsourced nature of 21<sup>st</sup> Century Professional Association work. But, historically, Professional Associations have struggled to attract the best candidates in part as they have a low profile at graduate recruitment and the salary packages can be lower than the equivalent sized commercial organisation (although they are much more complex due to their multi-stakeholder and multi-business nature).
- d. Speed of reaction. Many Associations were formed in the days of face-to-face meetings, letters, reference libraries and slow speed of travel. Today, mobile phones, computers, the internet, Wi-Fi, motorways and airplanes have increased the speed of everything. An Association's ability to utilise these changes effectively and respond more quickly to events will be critical to their future success and development.



- e. Branch network. What is the modern role of the branch network? In the Association's heyday, members met up with their peers at a branch event, learnt something and networked their way to bigger jobs. Today, members have less time and their expectations have risen. Events need eye-catching topics, quality speakers/venue/catering and price is less important. Branches need to become more virtual, global, focused on sector issues and networking and develop a more supportive governance system that is attractive to younger members. However, some branches still see an event as a success if it does not cost the branch or member anything and too often hold poor quality events with poor catering that are subsidised by a firm pitching for business.

## 7. Governance.

- a. History. Most Professional Associations were founded about a hundred years ago and, at the beginning, had no money and no professional staff. The volunteers ran everything and they created a council of, say, the 30 most active volunteers. Over time, they found more people to help and gave them a seat on Council. In addition, the creation of the branch network created more seats as the governance structures addressed the issue of member representation, whilst disregarding what constitutes an effective main Board or Council. Councils became bigger with 70+ members and less effective.

When organisations became Chartered bodies they became perpetual trusts and were no longer owned by the membership. The applying body was usually a company formed by guarantee and owned by its members. On obtaining a Royal Charter the organisation is given a new company, a Chartered Body, with no guarantee clause and therefore no ownership. They are perpetual trusts and the members in voting for a Royal Charter, have in effect given away their ownership. This is not readily understood by members who feel they have a right of representation. Many members do not understand that the Institute is no longer a co-operative and that there are no constituencies.

On one level the position may be viewed as to consider that Members are in fact customers of the organisation so this begs the question; why should the Governance be formed out of the customer base? There is no legal reason that members should be in control. Crucially, one would not run a business or design a brand new Association in this way. Another view suggests that the employers are customers and in fact the members are the product.

- b. A suggested structure. This is a generic approach which suggest a small plc structure – but this is not a one size fits all situation.

Associations should put in a proper Board, a mix of Executives and Non-Executives, perhaps 4 Executives and 8 Non-Executives up to a maximum number of twelve members in total. Individuals should be selected or co-opted for their expertise, skill set and ability. The Chairman would have to be selected on ability. The executive roles would be the ones most expected (ie: Chief Executive, Finance Director, Commercial Directors and Professional Body Director). The Board would be responsible for strategy formulation and delivering the organisation's objectives.

This Board would be accountable to another Board, which acts like the House of Lords. This “Upper House” would be partly elected from the membership and could include non member representatives. This body would be the guardian of the Charter, accountable to the Privy Council, approve appointments and approve strategy, deal with issues related to peers like discipline, standards, regulation and have powers to dissolve the Board in special circumstances. A subgroup would appoint the Audit Committee Chairman and the Chief Executive. Beyond the roles identified above, this Upper House would have no operational powers. The Chairmen of the Board or Upper House could fulfil ceremonial roles and be a PR spokesperson.

Most Member Committees would be eliminated and their functions run by professionals reporting to the CEO and the Directors. For example if you have a Finance Director, why do you need Finance and General Purposes Committee or indeed an Honorary Treasurer? It is possible that for ceremonial matters PR and the like, the Chairmen of the Board or Upper House would fulfil this role

The Chief Executive would, in consultation with Upper House appoint other Directors. Therefore the position on the main Board would no longer be given over to chance or by dint of some election process. A Professional Association is too valuable not to be run properly and to leave its proper running to chance.

In general, the Chief Executive would lead the senior management team and staff on implementation of the strategic plan. All staff would report to the Chief Executive. There would be a clear, transparent and consistent delegated set of authorities which give clarity on decision-making and accountability. Volunteers can often support (and occasionally lead on) implementation of the plan; they cannot, however, commit funds or staff time without the explicit approval of the Chief Executive (although they can influence strategic priorities through the governance system).

- c. Changing Governance. One will not get change until members understand that the current governance structure does not work effectively or efficiently.

One of the issues is that it is very difficult to have a debate with more than 20 people in the room - with 50 or 127 people; the process becomes impossible to manage. It is impossible for most attendees to give an opinion on each item. All they can do is listen and rubber stamp what is put in front of them. This is an expensive process that adds little value and is not good governance.

One Association made an argument for changing its governance that included:

- ✚ Limited availability of volunteers.
- ✚ Adoption of best practice in corporate governance.
- ✚ Analysis of the last ten years meetings revealed that the top body had not made any real decisions itself. What value has it added?
- ✚ Much of the decision making was already delegated
- ✚ The election consistently threw up poor calibre individuals many of whom have never served as a director of an organisation.
- ✚ Very expensive to run especially when council meetings are held internationally.
- ✚ Lack of competency.
- ✚ You would not run your own company or organisation this way.

d. Four methods that potentially precipitate change: What we have observed is:

- ✚ Chairman leads the debate with members about the Governance structure and how and why it does not work. The CIM went through this process and is now possibly at the leading edge of Institutional Governance structures. It reduced its Council in stages from 72 to 26 then to 12 and recently to a Board of 9. Three Board members are now elected each year, 2 national and 1 international, out of 30-40 candidates. The 9 elected Board members are all high calibre individuals and they select their Chairman.
- ✚ The CEO attends and speaks at every Board meeting (but does not vote). The CIM board process works well, the CEO's proposals are normally approved with some minor amendments and remain owned and acted upon by the CEO. However, there are issues around succession planning and seeking to get suitably competent people in the Chair.
- ✚ Board evaluation. This assesses and measures Board effectiveness independently and surveys people's opinions on the regime. The report can be quite damning and a catalyst for change. Change can be done either by an internal team who review the constitution or an external team, both of whom would come up with recommendations for change. The later is preferred as it is potentially more objective and is not encumbered by history.
- ✚ An organisation fails or is in terminal decline, under these circumstances the executive team can force through change.
- ✚ An organisation merges with another Association. This is a good opportunity to effect radical change and we forecast this will happen to at least two major professional bodies over the next twelve months.

In changing Governance, one has to be prepared to deal with vested interest, status and perks like

travel to exotic places, expenses, status etc. Common arguments against change are: How does my branch influence this or that?

How will the voice of the member be heard? In this context good governance of associations is not about representation, it is about standards and the delivery of high quality services relevant to the needs of the customers and the profession. Central to this is quality communication.

### C) OUTCOME:

Success in thinking these issues through is having a clearer picture of where your Association needs to be in 5 to 10 years time and the ability to plan how you get there. In addition the Association must be market and customer led although whilst they may know what they want, they also want to be tempted by innovation. This means that the professional staff must be innovative in respect of how the Association operates and indeed with regard to the membership benefits. It is a break from the incremental change process that most Associations have gone through and an opportunity to increase the rate of change.

Some interim conclusions are:

- ✚ Our understanding of what the public needs or expects from the professions is limited. This constrains our thinking on how Institutes need to change to promote their public utility. This focus on public interest rather than member interest, is a distinguishing feature of a professional body that is not found in trade or membership bodies.
- ✚ The public do understand the term “Chartered” means professionally trained individuals and it can inspire confidence. Chartered Engineers and Architects display their boards on buildings complete with their Professional Body mark – this may be something other bodies might consider. Most post nominal designatory letters are, however, not understood by the public.
- ✚ The main relationship that individuals have with their professional body is centred on qualifications, careers, information and training.
- ✚ The offering of a new 21<sup>st</sup> Century Professional Association will potentially be substantially different in order to captivate younger professionals. It is unlikely to be a simple repackaging. E-Commerce, E-Services, forums and social networks with clear benefits to the individual will be part of the solution. The variety of customer needs may be best served by providing an a la carte menu of services.
- ✚ Generally the corporate governance structure of professional bodies is considered by many to be “archaic”, “dysfunctional” and “composed of the wrong people”. The notion of an organisation run by its members is considered a weakness given the requirements of a modern board and the public interest.
- ✚ The antiquated governance structure in many Associations is a barrier to change. It is like a millstone to the past. The 21<sup>st</sup> Century Governance structure could, however, be a touchstone to the future.

**D) LEARNING:**

- ✚ In writing this document, we identified more questions than we expected. The challenge going forward is to identify the key questions, seek answers to them and confirm whether we have the right questions.
  - ✚ We are at an early stage in the journey to a 21<sup>st</sup> Century Professional Body. We need to do a lot more work, for example, researching and categorising the institutional models that exist and examining those Associations that are successful and have changed to meet the needs of their markets, customers and stakeholders.
  - ✚ We recognise that the observations in this paper and the constitutional model may not suit everybody but they are designed as a catalyst for hopefully more radical thinking about the future.
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