

Redefining leadership at associations

Four senior association executives shed light on the skills that trade and professional association CEOs need to excel in turbulent times.

The challenges that CEOs face have been well cataloged: the need to spot opportunities and manage risk have been complicated by many factors, including the accelerated pace of business and the impact of emerging technologies. CEOs of trade and professional associations face an additional set of challenges. Since these organizations must cater to their membership of businesses competing in all corners of the world, association executives must balance and synthesize disparate and often conflicting views. As a lead advocate on industry matters, associations must serve as the industry's voice in the political and public spheres while keeping their members well informed. Throw in the imperatives of staying relevant and adapting their engagement models in a time of unprecedented technological change, and it's no surprise that many association leaders (like their corporate peers) are reexamining what it takes to be an effective leader.

In an era of uncertainty, complexity, and change, successful CEOs must be flexible, systemic thinkers with a handful of foundational skills. Heidrick & Struggles, in partnership with the University of Oxford's Saïd Business School, explored the attributes that the best leaders exhibit. Our findings, published in *The CEO Report: Embracing the Paradoxes of Leadership and the Power of Doubt*, highlight ripple intelligence, adaptability, authenticity, and the power of doubt, among others, as essential skills for today's CEO.

To learn more about how association CEOs think about — and deploy — these skills, Heidrick & Struggles convened a panel of established trade and professional association executives: Heidi Brock, president and CEO of The Aluminum Association; Thomas Kuhn, president of Edison Electric Institute; Leigh Ann Pusey, president and CEO of American Insurance Association; and David Rehr, a veteran association leader who now serves as program director for Advocacy in the Global Environment at George Washington University. The following article, adapted from the panel discussion, features their

insights on leading associations during a time of unprecedented change.

Ripple intelligence and the role of the association

Trade and professional associations serve many functions for their members, but none more vital than functioning as a trusted source of information. In this capacity, associations act as the eyes and ears for their constituents on the latest industry trends, pending regulations, and other developments. But in a world where the speed and scope of change are complicating judgments of significance for industry CEOs, how can associations help their constituent organizations “see around corners”? One answer is ripple intelligence, or the ability to understand how, when, and why contexts may interact to functionally disrupt the business. As CEOs pursue ripple intelligence, associations are at the center of an extended network. Increased complexity, the challenge of balancing priorities, and the proliferation of information sources are all challenging the traditional role of associations.

Tom Kuhn: My experience with corporate CEOs is that many of them feel very alone in their roles — it’s like they’re God at the top of this corporation, and people don’t really talk to them. They are hungry for strategic business intelligence, and they can get that through their association. The wonderful thing is that we attract people as an information source and bring them together: they get insights from each other; they get it from us; they get it from the governmental officials we convene; and they get it when we put them together with the financial community. So we have a major advantage in providing ripple intelligence. But it’s not enough to identify the changes that are happening — we also have to find solutions to help the CEOs deal with these challenges.

Another challenge is that when we bring CEOs together, we have to build consensus. It’s not just

about demonstrating leadership. We also have to build followership. It’s a very challenging situation. The only advice I have is to set yourself up early on as a peer. You can’t be “staff” to them. You have to be a colleague.

One way to achieve this status is to show them that you can think strategically. One of the recent things we did as an association, for example, was that we saw that the power industry was particularly vulnerable to cyber security attacks. We’re a lifeline industry; if the electric sector is shut down, *everybody* is affected. After Hurricane Sandy, we formed an industry–government partnership to respond to big storms. We had a meeting with President Obama and extended the partnership to cyber security. It has accomplished some major things on tools, technologies, information sharing, conducting drills, and so on. It has been a way to take a crisis and make it into an opportunity. When you do that, it greatly energizes the association.

Leigh Ann Pusey: CEOs are very much naturally focused on their own industry. If you are running an insurance company, you are asking, “What are the competitive, global, domestic, and regulatory challenges facing the company? Who are the people that challenge this industry every day? What are my opponents doing? Is there somebody keeping an eye on that?” The CEOs are looking to us for insight. Essentially, they’re going to take a day out of their busy lives to learn about this other world that they don’t have as much time to focus on. That’s a big part of our value proposition.

Within our industry, there’s a lot of complexity but also tons of creativity and competition. Our membership includes foreign and domestic players, shareholders, and publicly traded firms, among others. The association’s mission is of great value to them. On a regular basis, through events and correspondence, an association brings issues to their attention that they probably don’t have time to think about. We are an intelligence source for these companies.

Associations have to bring in not just analytic information but the whole grid.

David Rehr: We have defensive jobs; we spend most of our time hearing from people and urging them to do things. But Leigh Ann is right: to really be top of mind, we need to be focused on getting qualitative and quantitative research into the market. We also need to provide new perspectives. I know my colleagues will agree when I say that there's always a risk as leaders that we'll want to hire people who are like us, with similar experiences, vision, and focus — to some extent, it's human nature. But I think it's really important to bring together people who fundamentally disagree with you. Because they raise other perspectives, which makes the association better, the industry better, and kind of allows you to think things anew.

Here is one example from my work in the beverage industry, when I was the president of the National Beer Wholesalers Association: I remember years ago we ran across the statistic that said that over 70% of those polled had heard, seen, or read something to the effect that wine was healthy to drink. At the time, beer consumption was greater than wine consumption, but the "health" brand, I believed, could change future consumption patterns. We just kind of stumbled upon that stat. And all of a sudden it was like, "Aha! We can't let the wine industry control the 'health' word." So we initiated our own efforts to publicize the health benefits of moderate and responsible consumption of beer. I think now if you Google "health benefits of beer," it turns up nearly 12 million references. It's great for the industry. That was just one piece of research, but had we done traditional things we probably would have missed it.

Meeting of the minds

The panelists included, from left to right, Heidi Brock, president and CEO of The Aluminum Association; Thomas Kuhn, president of Edison Electric Institute; Leigh Ann Pusey, president and CEO of American Insurance Association; and David Rehr, director for Advocacy in the Global Environment at George Washington University.



Associations can also differentiate themselves by being more focused on personal connection. I run into people who say, "It's all about social media." Well, there's a place for social media, but there's also the importance of having the strong personal relationship and networks to get things done. How do we connect to people so that they feel there's great value in what they are receiving from an association? This whole movement toward the technology side might, in some way, reemphasize the importance of personal connection again. For a long time, meetings were a cost; they were a waste of time. We could well see the rise of more meetings and trade shows in the coming years.

Heidi Brock: To echo David, we shouldn't underestimate the value of the personal conversation and the need for personal connection. I think we're all so bombarded with the volume of content that it's easy to get isolated and remove yourself from those personal conversations. I think the challenge is in how we continue to make those conversations really valuable and impactful for the members. It has to be about more than a great location or the speakers. It's really about their conversations and connections — so how do you set the table for that?

It's not only the personal conversations but also the span of those conversations that are of value. It might be that what you really need to do is go sit down with a young colleague in the organization who is a millennial and have a different kind of conversation with him or her to learn more about a new technology, a new app, or to get his or her perspective on something that's affecting your world.

Adaptability in the face of disruption

The rise of online and digital communications has acutely affected trade and professional associations. As a raft of new information sources have sprung up to provide data to members — and often faster than the associations can — association executives have

had to reexamine one of their core offerings. In the face of this new competition, association CEOs have deployed a range of responses to adapt, even if they have at times struggled to change.

Leigh Ann Pusey: As a company, you're going to risk having a product that is commoditized and that nobody needs, so you find alternative ways to manage that risk. For those of us who came from political backgrounds, the value of associations was always information flow. Well, now everybody can get it faster than we can provide it. By the time your person gets back from the hearing, writes up the e-mail, and sends it out to members — or even does it simultaneously from the hearing room — an analyst or some online service is already flooding their inbox with it. So you have to redefine the value proposition, and that is something that results from change. The old saying, "If you're standing still, you're moving backward," sums it up.

David Rehr: I think associations are slow to move. For many of us, our job is to make sure nothing bad happens. If we have a good networking meeting and the convention speaker shows up on time, then everyone is happy and we retain our jobs. But I think we need to ask more of ourselves in how we are fundamentally moving our industry or our association forward — and in a dramatic way. We also need to be able to demonstrate our impact. Associations put out monthly updates and annual reports, but too often we measure inputs rather than impact. One of my CEOs said it well: "EPS does not stand for 'effort per share.'" We've got to communicate what we do in terms of tangible results. We must also embrace performance metrics for our organizations and ourselves.

Tom Kuhn: I believe change comes from three things: technology, customer needs, and public policy. We have to adapt to new technologies as fast as possible. We have to look at the changing needs of our customers. The associations are in the center of the public policy business, and if we get that stolen

away from us, shame on us. To be successful in any business, you have to be in front of the change. Well, associations are a business too. We have to look at the changing needs of our members and what they need to do and support our companies.

Heidi Brock: You should have a network to anticipate change but also acknowledge that there's change that you can't control. We can't control mergers and acquisitions, for example, but we can anticipate them. If there's a big event, what are the types of things that could impact us? Do we need some clarity on post-merger implementation guidelines to offer insight for our members?

For us, having a good scorecard in place has really helped our organization focus on what we can control. When one of those numbers gets off kilter, we seek to understand the underlying data behind it to determine whether it's part of a larger trend.

Authenticity

Association CEOs face a tricky balancing act: they must represent the interests of their entire membership — no small feat when the group includes companies that compete with one another. Association executives must also integrate feedback from their board of directors (and adjust to having a new boss as often as every year in the form of the board-selected industry chair). With so many potentially conflicting messages, how can association CEOs strike the right balance? One answer is authenticity — a cornerstone in demonstrating effective leadership.

Tom Kuhn: People around the country don't exactly automatically associate Washington, DC, with authenticity. There's a great deal of skepticism outside our nation's capital, so authenticity within the Beltway is a challenge. Anybody who thinks that they're walking on water — and there are a number of people in this town who do — suffer from an authenticity deficit. Still, I find there are many

authentic leaders in the association community, including those of you in this room. Authenticity encompasses things like honesty, personal values, self-awareness, and trustworthiness. The key ingredient that I believe should be added is humility.

David Rehr: I teach a leadership class [at George Washington University], and one of the students stood up and said, "Authenticity is being you and being satisfied being you." I think that says it all. Whether it's in government, universities, or associations, we always need to be mindful that we are the head, we are the leader, and people expect a great deal from us. That doesn't make us God, however. We must be mindful not to exhibit the hubris that often comes with power at any level.

I might add that for those of you who have long-term concerns about our market economy, it's very disconcerting that the business community has conversations like, "What is being authentic?" Because that signals to me that we've got a big problem out there.

Leigh Ann Pusey: I'm a broken record on this topic because I believe that everything we do as association leaders must be grounded in trust. Authenticity is a core ability to do this job. If you're anchored in authenticity, then it really allows you to withstand a lot, and it builds this trust that we've talked about.

I think we all have a story of an unforeseen challenge. In my first year as CEO of the AIA, we had a big financial disruption and only a couple of months to absorb a \$4 million hit to our bottom line. Ultimately, it resulted in a reorganization and significant layoffs, which were not things I ever wanted to do — let alone in my first year in this position. People had to trust the decision. It wasn't personal or malicious. It was in the interest of furthering the organization and our mission. So again, I think authenticity is very underlying to that core ability to do this job, whether it's leading on the cool stuff or navigating the uncomfortable, ugly side. That trust factor is huge.

Heidi Brock: Trust is critical, but I think one of the biggest challenges with being authentic is the speed of our world. How do you carve out the time and the space so that you can really hear what you're being called to do in a given moment? What's the conversation you need to have? Is it quicker to send an e-mail? In many cases, it's about picking up the phone. It's going to be more time-consuming, but it's also going to be much more mutually valuable.

The power of doubt

In today's fast-paced environment, association CEOs must confront a never-ending cascade of developments and competing factors. Little wonder, then, that doubt is an ever-present companion to association executives. *The CEO Report* highlighted how the best leaders harness doubt to drive effective decision making, an insight echoed by the panelists.

Association CEOs on doubt

To complement the panel discussion, we surveyed the event's CEO attendees to get their views on the "power of doubt" and other topics from the research. While the majority of association CEOs said they were comfortable expressing doubts with their organization's elected leaders, many nonetheless pointed to situations where doubt played a significant role.

What circumstances are most likely to make you doubt yourself as a leader?

"There are no circumstances that would make me doubt myself."

"Divisions on policy issues within the membership."

"Inter-industry conflicts."

"Am I being complacent? Am I too comfortable? Have I stopped searching for 'black swans'? Do I still have the fire in my belly?"

"When all the facts are not clear and present and when I suspect that the board will not support my decision."

"When the stakes are high."

Heidi Brock: Even when there's doubt, it can be a gift, in forcing you to ask, "What's the next step that might move me further toward an answer? Who needs to be a part of that conversation?" I had a complex policy issue come up recently from one of our members. So I carved out some time, wrote out all the questions. Even though I didn't have all the answers, the exercise moved me forward. Taking a moment to think the issue through staved off paralysis and led to a decision.

David Rehr: You have to doubt, but I worry that it will become an excuse for paralysis. Because we all know that you can rethink and rethink and rethink. At some point, you're the leader and you need to make the decision — wherever the outcomes lie. So there's an appropriate place to have doubt but maybe with people you know. This is why it is important to have a 360-degree perspective and team members who might disagree with you during meetings. As leaders, we are always making decisions with incomplete information. Using doubt as a way to ensure thoughtfulness in decision making is important. But I also don't want us to create a leadership mantra that constantly says, "Well, I've got to get up today and doubt myself for 30% of the time because that's what leaders do." Leaders don't do that.

Tom Kuhn: If you don't have doubts as a CEO of an association, then I don't know when you would, because in an association you start off with many bosses. I believe the toughest situation in an association is when you have deeply divided members. For example, when we were working on the Environmental Protection Agency's proposed mercury rule (which was the most expensive rule in its history), there was a public fight among my members. One group was saying that the rule would kill the economy, and that became a front-page story in the *Wall Street Journal*. Meanwhile, a group on the other side of the issue was siding with environmentalists

who were accusing us of killing babies. I took members of the two groups to a Chicago airport hotel and said, "Look, we have to be known as an industry that's working together and making a cleaner economy." The two groups did come together, and we successfully achieved major changes in the rule.

If you don't proactively resolve conflicts, it is the death knell for yourself and your association.

Leigh Ann Pusey: The way I view doubt is this: People have entrusted me with an organization. They have an expectation that there's going to be a deliverable and that it's going to be well managed with integrity. However, you also can't wake up every day and presume that you have all the answers. You still have to lead, but I think you absolutely have to consult. I actually have a bit of that with the board. I'm kind of spoiled: I have 15 CEOs on the board, and there's been a lot of continuity. These are individuals who have been successful at what they do. They are an excellent sounding board.

So to me it's a collaborative effort. At the end of the day, you have to realize that you own that decision. You still have to execute on the decision. Doubt cannot paralyze. To me, that's the beauty of consensus. Everybody feels that they've been a part of that decision and they own it with you. You have to execute on it, but they own it with you, and I think that's an important part of managing through tough times as well. ■

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Trade and Professional Associations Sector

Trade and professional associations have the power to transform society by helping define our quality of life and grow our economy. Increasingly, these organizations demand sophisticated strategic leadership that provides strong financial and operations management, exceptional communications skills, and a passion for mission.

At Heidrick & Struggles, we recognize the complexity of leading an association. Our Associations team is renowned for its experience and work in this sector. We provide our clients with an in-depth, continuously updated understanding of the talent requirements and organizational trends relevant to associations, and we regularly help clients identify and recruit top talent across a full range of senior executive positions, including:

- President, Chief Executive Officer, Executive Director
- Chief Financial Officer
- Chief Information Officer, Chief Technology Officer
- General Counsel
- Head of Government Relations
- Head of Regulatory Affairs
- Head of Marketing/Communications

Leaders of Heidrick & Struggles' Associations Team

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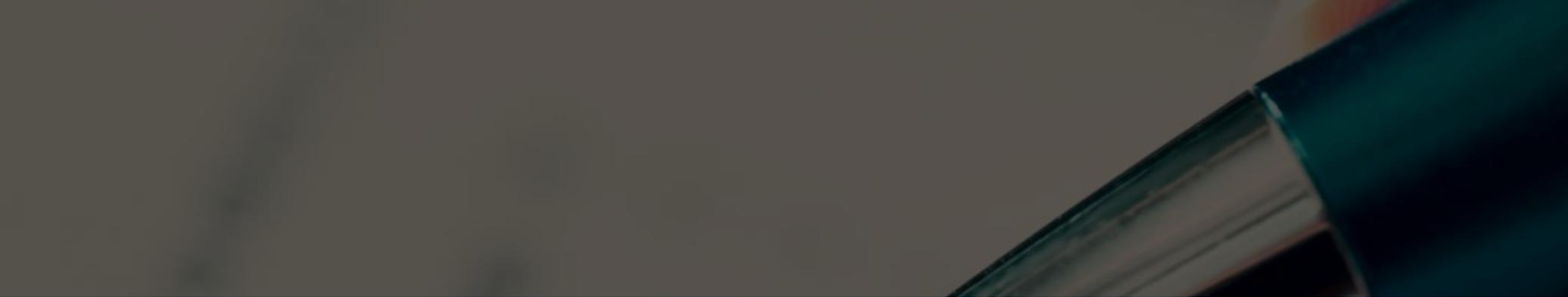
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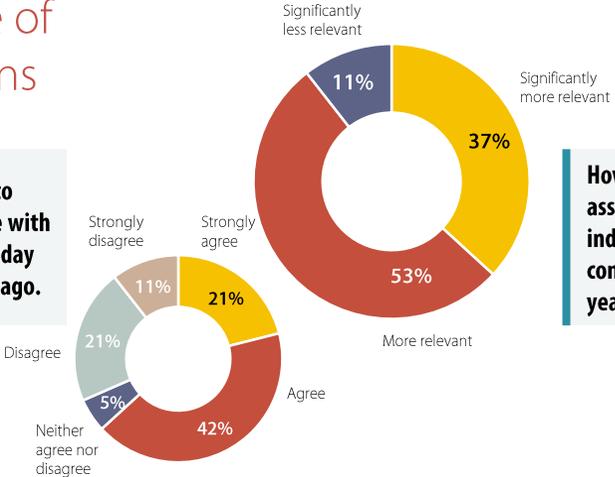
Associations Event survey results

Heidrick & Struggles recently convened a panel of trade and professional association executives in Washington, DC to talk about the primary challenges of leading industry associations. The discussion centered around five main categories: the relevance of associations, ripple intelligence, adaptability, authenticity, and the power of doubt. To complement the panel discussion, we conducted an online survey of the CEO attendees to better understand the drivers and solutions around these challenges. While the sample is small and the results should be interpreted accordingly, the respondent's views will nonetheless be useful to association CEOs as the findings underscore the depth and breadth of the challenges facing association leaders today, while highlighting some of the approaches that leaders are taking in response to the new environment. We hope you find the survey results interesting and insightful.

Associations Event survey results

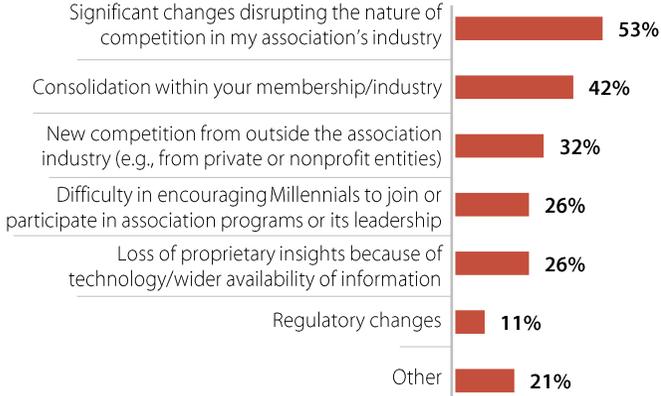
Relevance of associations

It is more difficult to maintain relevance with our membership today than it was 5 years ago.



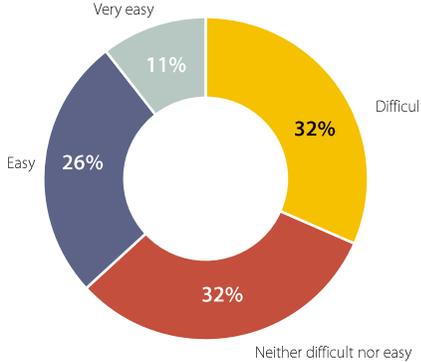
How relevant is your association to the industry it serves, compared with 5 years ago?

What are the biggest threats you face with respect to maintaining your relevance with your membership over the next 5 years?



Ripple intelligence

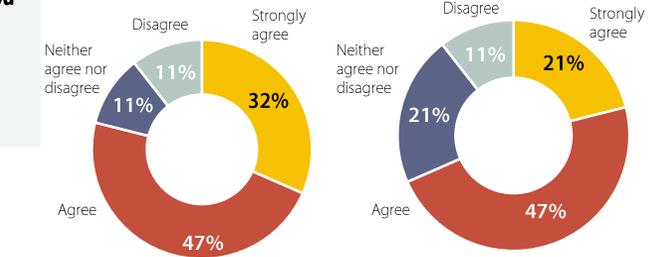
How difficult do you find it to seek advice and constructive feedback within your organization given your senior role in it?



Who do you turn to in challenging times for advice or constructive feedback about leading or managing your organization?



To what extent do you agree or disagree with the following statement:



I have ready access to the information I need about the most important issues facing my organization.

I have the ability and resources to leverage the information I gather to effectively tackle the most important issues facing my organization.

Source: Heidrick & Struggles' May 2015 survey of 19 association industry CEOs.

Associations Event survey results

Adaptability

What approaches do you take to continue to grow and develop as a leader?

n=18

Learning from top team and board members



Authenticity

What are the biggest challenges to maintaining your authenticity as a leader in the association industry?

n=17

Dealing with the board and stakeholders

Maintaining equilibrium in the face of adversity

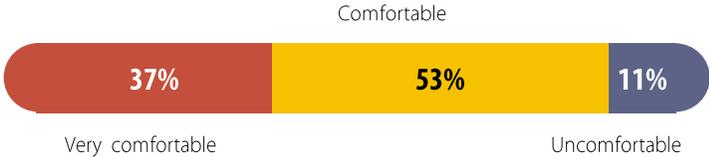
Legislative or regulatory threats



The power of doubt

Respondents cited a lack of alignment among members, differing opinions among board members, and evolving market dynamics, among other factors, as common sources of doubt

How comfortable are you expressing doubts about the strategic direction of your organization with your association's elected leaders?



What circumstances are most likely to make you doubt yourself as leader? (Selected quotes)

"When the stakes are high."

"There are no circumstances that would make me doubt myself."

"Am I becoming complacent? Am I too comfortable? Have I stopped searching for Black Swans? Do I still have the fire in my belly?"

"Divisions on policy issues within the membership."

"Inter-industry conflicts."

"When all facts are not clear and present and when I suspect that the board will not support my decision."

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