

A professional portrait of Kevin R. Keller, CAE. He is a middle-aged man with short, dark hair and light-colored eyes. He is wearing a light blue, button-down shirt with a fine, woven texture. He is looking directly at the camera with a slight, pleasant smile. His hands are clasped together in front of him, though only the top part is visible. The background is a neutral, light-colored wall with a soft, out-of-focus light source on the right side, creating a warm and professional atmosphere.

Kevin R. Keller, CAE, is senior vice president and chief operating officer of the Association for Financial Professionals in Bethesda, Maryland.



Mining the Gold in Your Own Content

A new strategy for product development helps one association leverage greater value from the expertise it already possesses.

By Kevin R. Keller, CAE

A senior staff member walked into my office one day with a two-page agenda for an annual meeting of our Payments Advisory Group (PAG). The task of reviewing the agenda was routine, but the way we looked at it was anything but. For the first time, we realized that we could leverage the content previously available to only a dozen member volunteers, deliver it to a broader audience—and unearth a gold mine of new products.

This project became an early success in a major restructuring of job roles that has fueled rapid growth in our revenues. The PAG content became part of a new conference that now attracts more than 350 attendees and generates \$150,000 in sponsorships, for a total of nearly \$300,000 in new revenue. This is just one example of how we have made far greater use of the content we already have to create products that our members need

I've worked in association management for more than 20 years and can't think of a single organization that hasn't wrestled with the need to diversify its revenue stream. A professional association's traditional sources of revenue—membership dues, conferences and seminars, and sponsorships—often cannot meet the association's need to grow and offer greater services to members. All associations face a challenge to create a system that diversifies revenue and provides member value—a challenge that can only be addressed with persistence and patience.

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At the Association for Financial Professionals in Bethesda, Maryland, we took on that task as part of a strategic plan launched in 2002. We knew that we had the knowledge and expertise our members needed—but we were not making the most of it.

Faced with a growing range of for-profit competitors, we realized that we had to take a new approach to product development and sales. Ultimately, we reorganized our staff to create a new team that produces a steady stream of new seminars, training programs, and tools for our members. But realizing our goals also forced us to reengineer our sales process, converting our sales people to problem-solving consultants, with a new compensation structure to match. Once these two teams began collaborating and depending upon one another, new revenue quickly followed.

The results are striking. In fiscal year 2006, the first full year of our new approach, we increased our sales of exhibitor spaces, sponsorships, and advertising by 27 percent over the previous year. And so far in fiscal year 2007, with our major fall conference completed, our annual sales are up another 33 percent—or \$1 million—over the same period last year.

Laying Down the Challenge

In 2002, AFP's board of directors charged management with creating a new strategic plan with the goal of increasing membership and conference attendance by five percent annually,

raising revenues by 10 percent a year, and diversifying our sources of revenue. We were also challenged to expand the value of our offerings to members.

Executing the plan required understanding the current and future needs of finance professionals. We looked to the marketplace to find those organizations that were our true competitors and to determine how we could best leverage our advantages as a membership organization (making better use, for example, of our Certified Treasury Professional certification). This assessment revealed AFP's primary driver of membership value: We must be a daily resource for information, education, products, and services that help members perform better on the job.

Those daily demands require creating a full pipeline of new products to deliver to members. We soon realized that we would have to differentiate AFP's conference and other product offerings from those of the competition. That meant thinking less like an association and more like a business. Unlike associations, "universities and for-profit educational organizations realize that training is outcome focused and not simply information driven," says Joe Haberman, senior partner at Heidrick and Struggles in Washington, DC. We needed to adopt that mindset, too.

We found, for example, that our for-profit competitors constantly research our members' training needs, as those members face a rapidly changing marketplace. AFP now does so as well,

anticipating legislative and technological changes that will affect how our members do their jobs and what their companies will expect of them next month and next year.

We started by formalizing and institutionalizing our product development process. The key step was reorganizing the talent we had on staff and hiring additional subject-matter experts in areas consistent with the expanding role of finance. When we first considered a new hire to lead our subject-matter experts, we thought we were looking for a typical association director of education, one who would be oriented toward creating conferences and certification programs. But as we reconsidered our needs, we began to view product development as a business within our business, and we realized we needed to hire a product development leader, not a professional development specialist. The major difference: We wanted our subject-matter experts to look beyond traditional educational offerings and to develop tools, online resources, and deals with outside sources that could enrich the member experience.

Creating the Producers

We created a custom job description that incorporated the responsibilities, experiences, and competencies needed to run this new unit like a for-profit business, with a separate budget, resources, strategy, and priorities. The other subject-matter experts would assume various duties identified during this process—which required completely rewriting their job descriptions. Ultimately, we hired a business unit leader from LexisNexis as our new managing director of product development. We also hired four new subject-matter experts with financial experience and added an existing employee with financial expertise to the team.

These staffers came to be known internally as "producers," because we expect them to produce value for AFP members, much the way a movie producer creates the production values of

a film. Their job descriptions define the three main areas of contribution we expect from them:

1. Generating content and tools available to members as a benefit of membership;
2. Supporting our public policy initiatives;
3. Developing programs to generate new revenue.

As you can imagine, changing employees' job descriptions and reporting relationships can create uneasiness. Some of the changes had ripple effects on employees who had been with AFP for many years and were comfortable with their existing job roles and supervisors. There was some shifting as the reorganization unfolded, and people were given new goals and objectives consistent with our new product-development process.

From the board's perspective, the new producer team was an investment for the future that would lead to a stronger value bundle for our members and create our product pipeline for the future. Adding four staffers certainly made the job easier. But the real value comes from having 12 of our 70 employees working together in their core areas of financial expertise to create new products that add value to membership and drive new revenue. The high concentration of subject-matter experts on staff makes AFP a much stronger organization.

Under our old structure, the majority of educational sessions at our annual conference were proposed by exhibitors and sponsors, who often had a commercial interest in the content. Now, our producers conceive and plan more than half of those sessions. They ensure original, unbiased, cutting-edge information for all of our offerings. They actively shape weak sessions by adding balance and member perspective or by recruiting outside partners to copresent. Sometimes they see the potential to spin off strong sessions as events offered for exclusive attendance or for an extra fee.

Away from the annual meeting, the producers also develop custom

seminars and training programs that generate their own income, plus other information resources and tools within their areas of expertise.

Reengineering the Sales Process

Another key component of this transformation was to ensure that our sales strategy took advantage of the new product pipeline. This phase of our journey proved to be the most challenging.

Intuitively, I knew that if our sales staff sought to understand our customers' needs and worked with the producers to propose AFP products as solutions, we could dramatically increase sales. But this would require our sales team to better understand the marketplace, our customers' needs, and how our products could meet those needs.

We hired a consultant to analyze our existing sales processes and determine our critical success factors. This analysis examined our structure, our demand-creation programs, staff skills, past sales history, current customer list, target market segments, and, most important, the total available market. This last measure confirmed that our 20 percent annual sales growth goals were achievable.

Armed with the diagnostic results, we conducted a gap analysis to find out which segments of the market we may

have been missing. We also conducted an organizational sales-management assessment to evaluate our sales staff's potential to muster the different skills and competencies needed for consultative selling.

I realize that this sounds like a lot of analysis, but the results have been worth the time we spent. The analysis prepared us to create a sales plan specifying objectives for annual increases in revenue, targeting new customers to add to our database, and identifying cross-selling and value-added goals for current customers. Once we had evaluated the plan to our satisfaction, we shared it with the board of directors.

The new consultative approach to selling worked inside the organization, too. The sales team regularly consults with the producers to spur the creation of new products or to solicit value-added input for an idea that arose from a client visit. We actively encourage a two-way process where producers can participate in sales calls or offer up for sponsorship their new products currently under development.

Overhauling Compensation

The last piece we had to put into place was the new compensation system. Our staff members who sold to the vendor community had always been on an incentive compensation system separate from that of other employees.

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In that system, however, we measured their performance on only one variable: total revenue from the advertising, sponsorships, and exhibitor products that they sold. The new system was designed to reinforce all the selling attributes we identified in the plan. The total compensation package was focused on four critical success factors: new customer acquisition, cross-selling, balanced performance across product lines, and total revenue. We also added a "performance accelerator"—a one-time bonus if a salesperson met a significant stretch goal.

This new compensation structure put much more of the sales staff's compensation at risk. We added a net of two new positions, including a new vice president of sales, to lead our strategic and consultative selling system—an investment in our future revenue-generation capabilities. Our guideline for

sales hiring is now in line with a maximum from our consultant, Jerry Marterella, from TALANT: "If you hire correctly, a salesperson should deliver sales of five times [his or her] annual salary in the first year and even more incremental revenue after that."

We now take a consultative approach to all sales. All of our salespeople and producers are selling one thing: access to a lucrative market of financial professionals. The consultation comes when deciding whether that access is in print, online, in person, or all of the above. Our staff has been fully trained to use a client-needs analysis that allows us to match customer needs with value-added products and services. Members, exhibitors, and sponsors have given us great feedback on their positive perceptions of the new process. Many clients have been impressed with our willingness to bring our producers

on sales calls so that we can develop complex programs with their help.

The new sales approach has also sparked stellar financial results—increasing sales by one quarter to one third from one year to the next, as detailed above.

Reaping the Lessons

If you think you can generate more revenue from the subject-matter knowledge that your association already possesses, look deep inside your organization to find the best way to effect change. There are some lessons we learned along the way that may be of help to you:

Don't expect the change to happen quickly or easily. Our process began back in 2002 and continues to evolve.

Don't be afraid to examine your market and processes in detail. Anticipating and measuring trends in our industry is a critical component of our success. Competitors change; customer needs change; therefore your organization must change as well to stay relevant.

Make sure you will get at least a 20 percent return on your investment. Crunch the numbers. Be sure the results will justify the changes.

Reward the behaviors and results you are looking for. If you choose to make significant organizational changes, be sensitive to individuals' differing responses to the shifts. But don't accept modest results.

Treat your product development as a business. We got our best results by blending the product development process with a sales strategy that helps serve our customers and meet our members' needs. **an**

Kevin R. Keller, CAE, is senior vice president and chief operating officer of the Association for Financial Professionals in Bethesda, Maryland. Email: kkeller@afponline.org

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