Association Metrics

Impact / Performance Matrix – A Strategic Planning Tool

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When Board members and staff convene for strategic planning sessions, there are a number of questions that typically need to be addressed. For example:

- *How can we improve retention?*
- *Should we raise dues this year, and if so, by how much?*
- *What areas do we need to improve (website, convention, publications, etc.)?*
- *What positions should we take in our advocacy efforts?*

While these issues may appear to be unrelated, our research shows that most of the issues the Board deals with have at least one thing in common – each is tied to the value the association delivers to its members in exchange for the dues it collects, and the time members voluntarily give to the association. Since value is a perception unique to each member, what better way to determine the value associations deliver to their members than by using member surveys? Using member surveys to help guide Boards in their strategic planning is nothing new. However, there are times when planning sessions can get bogged down with discussions on how the survey results should be interpreted.

The purpose of this paper, is to illustrate how processes within the association (e.g. education, publications, education, conferences, website, etc.) are related to value, and to introduce a matrix that is an easy to comprehend tool to guide the association's strategic planning efforts. This matrix places each process into one of four quadrants based on its impact on the perception of the organization, and on its current performance. Board members need only to focus on the placement of the processes in the matrix to determine how to focus their strategic plans.

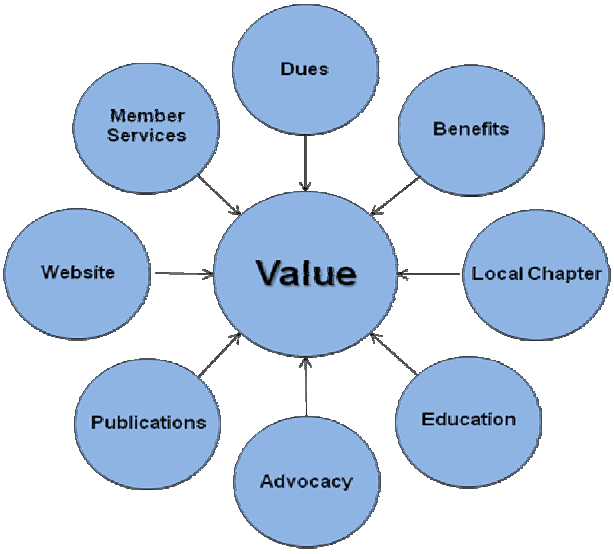
The value model in Exhibit 1 on the following page illustrates how the value that a member perceives from his/her association membership is determined by the total of all of his/her interactions with the association. Some of these interactions may be positive, while others may be negative. The member's perception of the value of his/her membership is the net result of all of these interactions.

Every "process" does not impact value in the same way. For some associations, benefits may be the strongest driver of value (i.e. have the greatest impact), while for others, continuing education may be the strongest value driver.

Also, associations do not perform equally well in all areas. Some associations have outstanding Member Services associates, while others struggle in that area. The same

can be said for benefits packages, conventions, continuing education, websites, and so on. Knowing which of these processes are the key drivers of value, and how each is currently performing, will allow Board members and staff to prioritize the areas for improvement, that will ultimately lead to delivering more value to their members.

Exhibit 1 – Value Model



While Exhibit 1 is beneficial in conceptualizing how one may improve value by focusing on its underperforming drivers, more information is needed to understand how to implement the change. For example, if one were to discover that Member Services is an underperforming driver of value that the Board would like to improve, how would the Board convey an action plan or its expectations to the manager of Member Services?

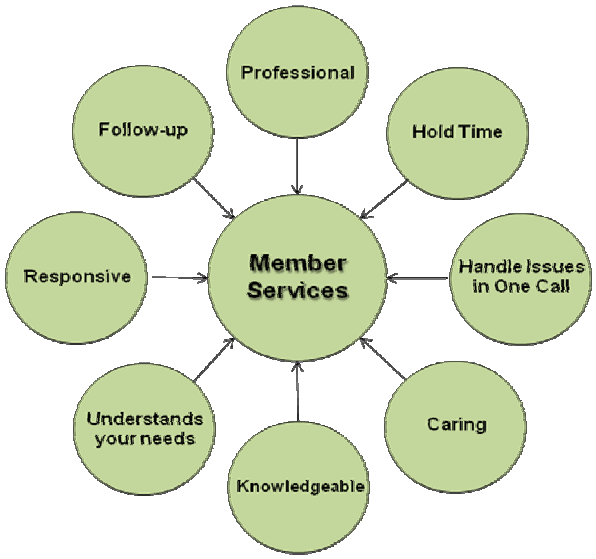
Each of the processes that contribute to value in Exhibit 1 can also be broken down into its components, or attributes. Exhibit 2 illustrates how one such process, Member Services, can be deconstructed into its attributes. For each process in the outer circle in Exhibit 1, there is a corresponding model similar to the one shown in Exhibit 2.

Just as the components of value vary by impact and performance, so too, the attributes of each process vary by impact and performance. Knowing which processes in Exhibit 1 are key drivers that are currently underperforming can help the Board set improvement priorities, and knowing which attributes are the key drivers of the process that are currently underperforming (as in Exhibit 2) gives department heads guidance on which aspects of the process to improve.

By focusing improvement efforts on the key underperforming drivers of Member Services, for example, one can develop an action plan for improving Member Services that is both measurable and manageable.

Additionally, internal metrics can be developed to monitor the progress of each attribute on a regular basis. By tracking internal metrics, department managers can gain feedback more quickly and easily than by depending on the results of the next member survey.

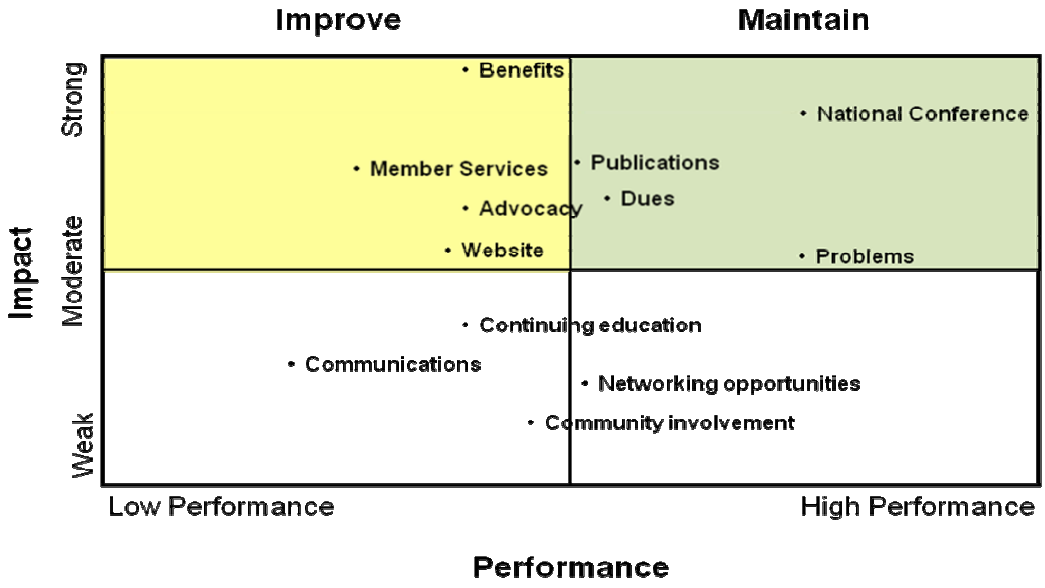
Exhibit 2 – Member Services Model



In order for Board members and staff to identify the key processes and attributes that are currently underperforming, a two dimensional matrix will be used to display the relative impact and performance of each process and its attributes.

Exhibit 3 illustrates the Impact / Performance Matrix for value. Notice that each of the processes from the value model in Exhibit 1 are placed into one of the four quadrants. The yellow and green shading draws attention to the upper half of the matrix. Processes that occupy a space in the upper half of the matrix are the key drivers of value (i.e. strong impact on value). Those processes in the lower half of the matrix are not key drivers because of their low impact on value.

Exhibit 3 – Impact / Performance Matrix – Value



The Impact / Performance Matrix provides the relative positioning for impact on the vertical axis, and the relative positioning for performance on the horizontal axis. The higher its placement on the vertical axis, the greater the impact the process has on the perception of value. To determine the order of impact from strongest to weakest, one would read the matrix from top to bottom. In the example above, the member benefits package is the strongest driver of value, followed by the National Conference, publications, Member Services, and so on.

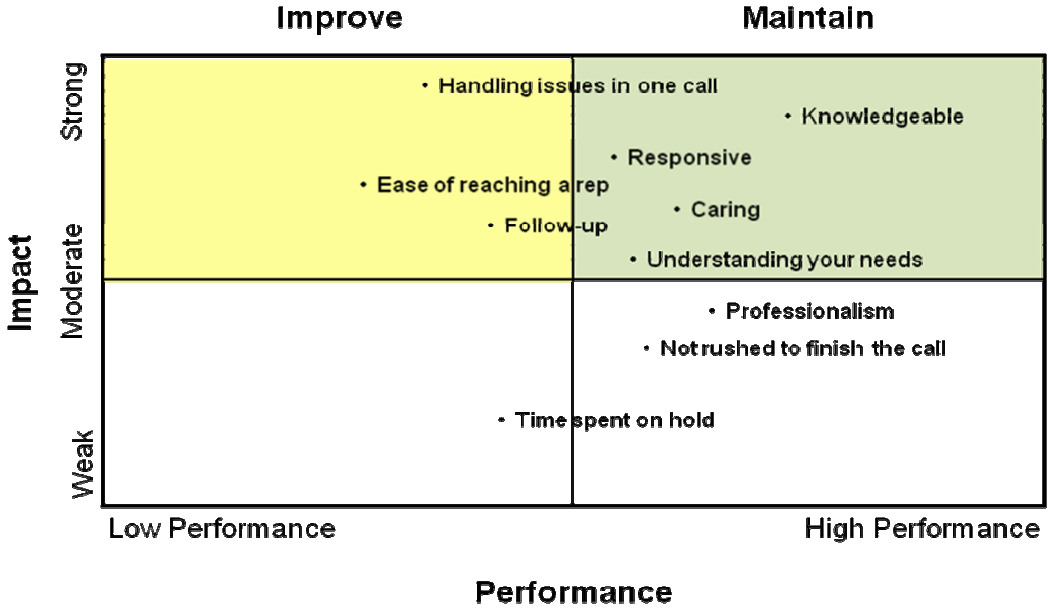
The higher a process' performance, the farther to the right the process is located on the matrix. Processes that are in the green quadrant should be maintained, because their performance is at a satisfactory level. Attempting to improve the performance of processes in the green quadrant would not be an efficient use of resources, as efforts to improve these processes would require proportionately more resources than would be required to improve the low performing processes in the yellow quadrant. Resources should not be diverted from processes in the green quadrant because of their high impact.

Improvement should be focused on those processes in the yellow quadrant for the following reasons: (1) since their performance is low, it will usually require fewer resources to dramatically improve the performance of these areas, (2) the improvement of low performers will typically be more easily noticed by members, and (3) low

performers are typically the source of more problems. Focusing on only two or three areas for improvement at any given time increases the likelihood that improvement efforts will be successful.

In the previous example, if one were to focus improvement efforts on Member Services (lowest performing key driver), then Exhibit 4 below would serve as a guide for improvement plans in that area. In the Impact / Performance Matrix for Member Services, one would expect that the best use of resources would be to focus on improving reps' ability to handle members' issues in one call, improve the ease of reaching a rep, and improve reps' follow-up to members if a follow-up is necessary. Decomposing processes into their key attributes provides specific directions on improving processes in ways that are more manageable and more measurable.

Exhibit 4 – Impact / Performance Matrix – Member Services



In addition to providing an easy to follow outline, another benefit of the Impact / Performance Matrix is the ease with which an individual with no statistical background can interpret the matrix and understand where and how to focus attention for strategic planning. The matrix shows what has the greatest (and least) impact on value, which attributes are the key drivers of each process, and how well the association is currently performing in each of those areas, without getting bogged down in the numbers. The balance of this paper explains in detail how to use the results of a member survey to position each process and attribute in its respective matrix.

Plotting Performance

For each matrix, performance is plotted on the horizontal (X) axis. The performance ratings used to plot each process and its attributes are derived from survey questions in which each respondent is asked to provide a rating for each process. Each process and each attribute require a separate rating question. An example of a rating question for Association ABC's website is shown in Exhibit 5.

Exhibit 5 – Performance Question – Website

Q. How would you rate ABC's website overall?

A. Excellent
B. Very good
C. Good
D. Fair
E. Poor
F. DON'T KNOW

Exhibit 6 shows the distribution of responses from several rating questions. The performance rating for each process and its attributes is determined by summing the percentages of "excellent" and "very good" responses (highlighted in blue). This summed percentage is referred to as the Top 2 Score, and this is the performance metric that determines the horizontal placement of each process on the Impact/Performance Matrix.

Exhibit 6 – Distribution of Responses

Response	Benefits	Continuing Education	National Conference	Website
Excellent	36%	26%	36%	22%
Very good	24%	33%	49%	34%
Good	25%	19%	12%	23%
Fair	12%	16%	3%	14%
Poor	3%	6%	0%	7%
Top 2 Score	60%	59%	85%	56%

Historically, organizations may have used an average or mean response as a measure of performance. However, the Top 2 Score is a better indicator of performance than average ratings because averages smooth out the extremes, providing only a measure of central tendency. Also, research shows that for behavior to change, one must be motivated with a strong positive opinion – precisely what a Top 2 Score measures.

(For a more detailed explanation on why using Top 2 scores is superior to using averages, see the Association Metrics' White Paper "Using Top 2 Scores to Assess an Association's Performance", http://www.associationmetrics.com/resources.html.)

When plotting processes and their attributes on the matrix, higher ratings are positioned to the right of lower ratings. The vertical line in the matrix that separates the Improve quadrant from the Maintain quadrant is positioned at the 70% Top 2 Score, indicating that satisfactory performance is achieved with a Top 2 Score of 70% or higher. Improving processes and their attributes that have less than 70% "excellent" or "very good" responses is a more efficient use of resources than trying to improve a process that is already performing at a high level. This does not imply that resources should be withdrawn from high performing drivers.

Plotting Impact

Impact is plotted on the vertical (Y) axis of each matrix. Historically, surveys contained performance questions and importance questions. An importance question that might be used for determining the importance of the website to an individual member is shown in Exhibit 7.

Exhibit – 7 Importance Question – Website

Q. How important is ABC's website to you?
- A. Extremely important
- B. Very important
- C. Somewhat important
- D. Not very important
- E. Not at all important
- F. DON'T KNOW

However, in the current analysis, importance questions are not used, for several reasons. Research shows that the majority of importance questions generate results that fall into one of two categories – "Extremely important", and "Not at all important". The lack of differentiation provided by importance questions results in a clustering of responses into two groups.

Another negative effect of using importance questions is that it requires one question for performance and a separate question for importance, thereby doubling the number of survey questions needed to perform the analysis.

Rather than extracting importance ratings from survey questions to populate the matrix, this analysis derives impact ratings from the responses to the performance questions, without requiring any additional survey questions.

Statistical analyses, such as multiple regression, correlation, and structural equation modeling, can be used to generate impact ratings. In an analysis such as multiple regression, one would assign the responses to the value rating question as the dependent variable, and the responses to the process rating questions as the independent variables. When determining the key drivers of each process, the responses to the process rating question (e.g. overall website, overall convention, overall Member Services) become the dependent variable and the responses the ratings of its attributes become the independent variables. Perhaps an easy way to remember this is, that in Exhibits 1 and 2, the process in the center of the exhibit is the dependent variable, and the processes or attributes that make up the outer ring are the independent variables.

Exhibit 8 shows the relevant columns of the regression output from Excel for the attribute ratings of Member Services. (*Statistical software such as SPSS and SAS are preferred by many researchers, but Excel provides the same results and is generally more readily available*.)

The two numbers needed from the regression output to determine an attribute's vertical positioning on the matrix are its coefficient and its P-value. In order to be statistically significant at the 95% confidence level, an attribute's P-value must be less than or equal to .05. (The lower the P-value, the higher the level of significance.) For illustrative purposes, all of the attributes in Exhibit 8 whose P-value is less than or equal to .05 are highlighted in blue.

Processes and attributes whose P-value is less than or equal to .05 are positioned in the upper half of the matrix. These are the key drivers. Processes and attributes with a P-value greater than .05 are not key drivers, and will be positioned in the lower half of the matrix.

The coefficients are used to determine how high or low a process or attribute is positioned on the matrix. The larger the coefficient, the higher its position on the grid. Notice in Exhibit 8 that "handling issues in one call" has the largest coefficient, which

means that it has the greatest impact on the overall performance of Member Services. This is the process that will be placed at the top of the matrix.

Exhibit 8 – Regression Output

	Coefficients	*P-value*
Being knowledgeable	0.142438934	0.000299433
Being responsive to your questions	0.127276809	0.000252266
Caring about you as a member	0.106940446	0.00066985
Being professional	0.053804373	0.085362219
Understanding your needs	0.064907454	0.045660961
Handling issues in one call	0.169495288	0.00495791
Ease of reaching a representative	0.116569147	0.039152123
Amount of time spent on hold	0.009452507	0.670246921
Not making you feel rushed	0.042731911	0.158906852
Follow-up	0.067051241	0.001705546

Summary

The Impact / Performance Matrix is a useful tool for incorporating the voice of the member into the strategic planning process. It identifies those aspects of the association, from the members' perspective, that have the greatest impact on the value of an association's membership, and provides a measure of its current performance.

While the matrix identifies the areas that should be improved to provide the greatest value to members, it does not account for the ease or the cost of implementing change. Boards will still have to use their judgment when it comes to implementing change, but the Impact / Performance Matrix provides support for strategic plans based on improving its value proposition.

About the Author

Larry J. Seibert is the President/CEO of Association Metrics. He has a Ph.D. from Purdue University in Retail Management and an MSBA from Indiana University Northwest with a concentration in Marketing. Dr. Seibert is a member of the American Society of Association Executives, the Indiana Society of Association Executives, and the Association Forum of Chicagoland. He can be reached at larry@associationmetrics.com or by phone at 317-840-2303.