

rethinking the AMERICAN MODEL

One surefire way to slip up when going global is to assume that what works in the United States will work elsewhere.

By Newton Holt

When asked for the single most important piece of advice he could give U.S.-based associations operating in other nations, Peter Rush, chairman and CEO of the Kellen Company, answers succinctly:

“Leave your American at the door.”

As broad as that statement is, many American associations’ experiences in global markets—whether establishing their own subsidiaries or offices or partnering with overseas-based organizations that share similar goals—provide plenty of evidence that Rush’s statement not only holds true in both large and small ways but also should perhaps be treated as a mantra for any organization going global. “Very few cultures want to hear, ‘I’m from America, and this is how we do it,’” says Rush.

Particularly as the United States faces a significant image crisis in many parts of the world—especially when it comes to the notion of so-called American “cultural imperialism”—American associations have to be cognizant of this and not add fuel to the fire of the “ugly American” stereotype that so many have worked hard to shed.

It’s not that there’s anything “wrong” with the American way of associating in and of itself. Instead, it’s that what’s familiar, even essential, to American association management and to the American model of association may be less important in other nations. Further, some of the elements of what

is also an invitation to disaster. So, is there a sweet spot in the middle? Yes, but “sweet” is culturally relative, and that spot in the middle where it is to be found shifts depending on where one is in the world.

We know that one size fits none of our members, but it’s also important to realize that neither is there a “global” size that fits everyone outside of the United States. Associations that are successful internationally look at the most significant differences as they relate to the business of running an association and the notion of civic engagement and adjust their approaches accordingly.

preferred alternative to the government” in issues such as these.

But among the many “pieces of American” one needs to leave at the door when entering a global market are the notion of self-regulation—or at least self-regulation as we are used to it—and the idea of nonprofit groups that aren’t subsidized by the government.

O’Sullivan is blunt that the idea of self-regulation is alien to much of the rest of the world; indeed, in some parts of the world, the idea of self-regulation in lieu of government intervention (or preemptive self-regulation) is profoundly counterintuitive. “Especially in postcommunist countries, people are used to being told what to do, being told what their opinions are,” he says. “You can’t take the American governance model and expect bottom-up consensus building. In some parts of Eastern Europe, you may as well tell someone that the building they’re in can levitate 30 feet off the ground as propose businesses and professions can self-regulate without any government oversight.” Says O’Sullivan, “One of the things I don’t think American associations realize is that we don’t appreciate the extent to what we do is driven by the legal systems we operate in.” Consider, for example, that in China, says Rush, associations are required to register with a government ministry—a far cry from the loose, multifaceted, self-governing association landscape of the United States.

Different legal systems mean different structures and sometimes functions for associations. As an example, consider the Society for Human Resource Management. SHRM has been active internationally since the 1970s and has been participating in federations and other partnerships with international organizations since that time. Currently, SHRM’s main international activity is in three countries: China, India, and Canada. Their approach in each of these markets differs.

When it began looking into opening up an office in India, SHRM found that the tax-exempt models so familiar in

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makes American associations successful (at least in America)—an open knowledge exchange among members, a sense of volunteerism, the notion of fee-for-service products that fall outside of dues, to name a few—are nonfactors, or even offensive or culturally incongruent, in other nations.

Still, “leaving your American at the door” is easier said than done.

As anthropologists point out, when looking at different cultures, it’s easy to become trapped in the minutiae of how the cultures differ. Too much of a focus on differences distorts said differences further, making it difficult to see the common point at which the cultures converge—the “human universals,” so to speak. Conversely, assuming that cultural differences are simply superficial

Different Kinds of Governments, Different Kinds of Associations

Of the many things one needs to consider relative to how the association model works in other parts of the world, perhaps nothing is more fundamental than the relationship of associations to the government. In the American tradition, the association sector operates independent of the government—subject to its rules but not dependent upon it for existence. The voluntary sector sets standards; it helps industries and professions self-regulate, so that government intervention isn’t necessary. One might even say, as Richard O’Sullivan, an economist and principal of Change Management Solutions, does, that the job of associations is “to be the

the United States didn't have a direct analog in India. "In reviewing all the structural options, incorporating as a nonprofit didn't work for us," says Sara Costello, manager of global strategy and programs at SHRM. "The nonprofit structure available in India is more conducive to what we would consider a charity than it is to what we wanted to get done as a professional society." As a result, SHRM's presence in India is through a for-profit subsidiary.

In China, SHRM's presence is through a representative office that primarily exists for relationship building, including with the government. "It is critically important to maintain good relationships with the government," Costello says. "While China is opening up and privatizing, there's still a lot of interest in the government concerning what associations do," Costello says, adding that "no matter where you go, you have to consider the tax and legal environment, as well as many other variables, to figure out how to best structure your programs."

Even in Canada, which shares so much in common with the United States, there are differences that have to be accounted for. Says Costello, "We work with a lot of Canadian organizations, and our philosophy in the Canadian market is to work very hard to collaborate, not undercut."

GR in the EU and Other Adventures

Cultural and administrative differences are most pronounced in places such as Asia and the Middle East, but don't discount the subtler differences one finds in more familiar places, such as the countries that comprise the European Union. Distance, culturally speaking, has nothing to do with geography.

Says Gregory Balestrero, CEO of the Project Management Institute, "Even in places with which we do share a common Western heritage, the approach associations take is different. For example, we [Americans] tend to look at Europe, at the European Union, as a single entity, rather than as a collection of

individual nations. Europeans certainly don't see it that way—they very much identify with their home nations. The EU is a political and economic entity, not a cultural one," he says. So it doesn't make much sense, for example, to have an "EU strategy" that doesn't take into account the difference between Berlin and Genoa. "In general, we tend to paint too broadly in considering European culture," he adds. "We can't assume that something is universally European any more than we can assume a certain cultural trait is universally American—and we're one country."

Says O'Sullivan, the dance between the association sector and the government is quite different in the European Union. "In the United States, we typically govern by exception—that is, if it's not broken, don't fix it. European governments on the other hand tend to be more paternalistic. For an American, if there are no rules, the reaction is, 'We can do whatever want.' For a European, if there are no rules, the reaction customarily has been, 'We probably shouldn't be doing this.' While this attitude is changing, acceptance of Americans' laissez-faire approach is not widespread."

Says Rush, government relations in the European Union often means dealing with ad-hoc coalitions that band together for a specific purpose and then dissolve, "so the consistency that we like and are used to with Congress isn't necessarily there." Further, there are more political parties to contend with and therefore more points of view to consider. Says Rush, "European parliaments are willing to accept a lot of minority views, which means that the decision process sometimes takes a little longer—after all, you'll have five different political parties, for example, working together. But when these coalitions decide they want to move, you'd be surprised at how quickly things get done."

Because of the complexity of government relations in the European Union, American associations might want to consider hiring a secretariat to take care

of that function for them. That's what PRISM International, a records- and information-management trade association with members in more than 65 countries, did.

Says PRISM Executive Director Jim Booth, CAE, "We found that member growth in Europe would come on its own if the value proposition is strong enough, and one of the most powerful benefits we can offer is regulatory power." PRISM's secretariat is authorized to make contact on behalf of the organization, but it can't make decisions for the association itself. "On the membership side, they are basically a conduit for people to contact us at a convenient time zone and in a language that's native to them. On the regulatory side, we expect them to be the face of our organization in front of the EU Parliament." Currently, PRISM interacts with the EU Parliament but has not delved into member-state regulations. "If we get to that point, we'll want our secretariat to take care of that also—at least for a while," says Booth. "You eventually want to outgrow your secretariat, but we won't be at that point for quite some time."

On Uncommon Ground

"It's easy to be global when you're dealing with Europe, the United States, and parts of Asia," says Tom Bohn, CAE, vice president of educational programs for the Institute of Internal Auditors (IIA). As an international organization with a presence in around 160 countries, IIA should know. IIA's global strategy is to go after developing markets, so the organization often finds itself in nations where the culture, history, government, and, indeed, the very profession or industry are very different than they are in the United States.

"One of our greatest challenges—bar none, our number-one strategic issue—has been how we reconcile an organization that has grown quickly and has mostly been U.S.-centric and make it a truly global organization," says Bohn. With such a far-flung presence, IIA deals with myriad constituencies, cultures,

customs, and practices. Much of how the organization structures itself and operates in any given nation depends on the needs of the internal auditing profession in that nation.

“One of our greatest strengths — actually, it’s a blessing and a curse — is that we allow our affiliates to operate pretty loosely,” says Bohn. “We’ve adopted a ‘glocal’ mentality — both global and local. The definition of what the profession is varies widely from country to country, so one of our biggest challenges in uniting everyone together is finding a way to agree around something other than a very high-level set of lowest-common denominators. In some nations, ‘financial controls’ means locking up the suitcase full of cash.”

One thing that Bohn says has helped IIA’s global position is its certification. Says Bohn, “Having that one global product, our certification, allows us to be more consistent than not across the world, because the certification is the one product that is consistent.” Notice that Bohn said “global” product, not “American product shipped overseas.” Say Bohn, O’Sullivan, Rush, and others, one of the biggest mistakes American-based associations can make is simply exporting their products to other nations, with little thought toward contextualization or culture. However, many associations won’t have a product that fits so easily into the global marketplace as a credential recognized worldwide does — and even if they do, someone’s got to market that product or service in a way that is culturally congruent to the target audience and clearly communicates value. “Things that we take for granted, even simple imagery, don’t translate the same way,” says Bohn, adding that the success of global marketing efforts depends on “having people on the ground everywhere, and that takes money.”

And, says O’Sullivan, if you think there’s such a thing as a “global brand” that magically inspires the world to sing in perfect harmony, take a look at Coca-Cola. “Most people don’t know that Coke has more than 70 different

formulas around the world, tailored to local taste and preference,” he says. “The so-called ‘McDonaldization’ of the global economy never happened. For example, the coffee-flavored ‘Black Coke’ failed here in the United States but soared in Japan.” Even McDonald’s hasn’t “McDonaldized” itself: The next time you’re in the United Arab Emirates, stop in and pick up a McArabia sandwich or a McKofta hamburger wrapped in pita bread.

SHRM’s Costello and others also emphasize that American associations shouldn’t expect much success going to an international market with American products. “It’s definitely important for associations to be prepared to adapt and to think creatively about why they want to go into other countries and what the market wants,” she says. “You have to test for relevance in each nation.”

In evaluating international markets, O’Sullivan recommends that associations use a broad environmental analysis such as the CAGE approach developed by Harvard professor Pankaj Ghemawat. It looks at the four types of “distances” between markets: cultural, administrative, geographic, and economic. Some of these will be obvious; others, not so much. As O’Sullivan says, “Look at geography, for example. Latin America is closer to us geographically, but India, while much further away, actually has a technology infrastructure in place that makes it easier to work with.” The CAGE tool also is helpful in finding exactly where the greatest “distance” or disconnect lies in your approach to global markets. “We pull out the cultural differences brush all too quickly when something isn’t working,” says O’Sullivan. “Instead we need to ask ourselves, ‘What is standing in our way? Is it legal or technological? If so, that can change — and quickly. A lot of differences that are written off as ‘cultural’ often are administrative or regulatory. Even if the impediment is determined to be cultural, you need to ask if such cultural barriers are permanent to

innovation. Very few things are set in stone.”

Ready for a Trip?

Whether your organization should go global isn’t a question that can be answered with, “Sure! Everybody’s doing it!” And the decision shouldn’t be made solely on a revenue basis, either (“Well, we don’t know anything about the need for our products and services in Kazakhstan, but the organization really needs the money”).

The key lesson is that what’s made in America isn’t always suitable elsewhere. Before taking the global leap — whether it’s several hundred miles south in Mexico or half a world away in Mali — associations need to thoughtfully ask whether they’re ready for the world, not whether the world is ready for them.

And an association’s place in the world, so to speak, has nothing to do with its size in it — it’s all about what you can offer the global market, not how many members you have or what your operating budget is. The global market isn’t just open to juggernaut organizations with deep pockets and miles-long member rolls; it’s open to any organization that can fill a need. Says PRISM’s Booth, “To small associations such as PRISM, don’t think that just because you’re small you can’t become international or global in scope. It’s not as easy when you’re a small organization, but if you have a vision that you’re going to be an international organization, you have to commit time and resources to growing that way.” **an**

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