

# EXPLORING NEW MARKETS: HOW RESEARCH, ANALYTICS AND RISK ASSESSMENT CAN HELP

A COLLECTION OF INSIGHTS  
FROM SURGE SPRING



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# INTRODUCTION



The following pages house the results of an industry-wide virtual collaboration.

**SURGE Spring** assembled association professionals from across the globe to harness collective knowledge, through a virtual conference focused on transformative ideas and designed to maximize social learning.

Attendees could not only hear from speakers, but converse with them in real time and contribute their own ideas. We have now assembled some of the best insights from these conversations into a body of knowledge for the benefit of the entire association community.

This eBook delves into the session, *Exploring New Markets: How Research, Analytics and Risk Assessment Can Help*. It includes themes from the speakers' conversation, contributions from attendees, links to further resources, and more.

Thank you to all who participated – and if you missed it, go to the SURGE Spring [event page](#) to watch all the sessions for free, at your leisure!

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01

# FEATURED SPEAKERS





**Kerry Cosby**  
Chapters Manager, IEEE  
Computer Society

**Kerry Cosby** has worked in non-profit management for 15 years, managing a business development group, conducting data analytics and country/regional analysis around the world for international organizations. He has opened, managed and overseen offices in the Former Soviet Union, the Middle East and China. He has been published in Foreign Policy, and The Globalist, and has written on topics such as political and country risk, data analytics, association management, global business development, and international politics.





## **Whitney Emerick**

**Marketing & Membership  
Director, Petroleum Equipment  
Institute**

**Whitney** is a marketing enthusiast with 20+ years' experience in associations and the strategic planning and marketing field. With her primary experience in association world, she is also heavily invested in her local marketing community through the American Marketing Association. She leverages the events and speaking opportunities the AMA provides to keep wicked smart with the technologies and innovative thinking that all marketing professionals need.





## **Cindy Simpson**

**Chief Business Development  
Officer, Association for Women in  
Science**

**Cynthia Simpson**, M.Ed, CAE is responsible for developing and overseeing all business development aspects of AWIS with emphasis on institution partnerships, as well as development and implementation of all talent and leadership programs. She has given close to 200 talks on topics of importance to women in STEM at universities, corporations, and professional societies. In 2010, she earned her Certified Association Executive credential from the American Society of Association Executives (ASAE), with less than 5 percent of all association professionals having achieved this mark of excellence. She currently serves on the National Postdoctoral Association's Advisory Council and ASAE's Professional Development Section Council and formerly served on the Women in Engineering ProActive Network (WEPAN) program planning committee.



02

**POLITICAL BLACK  
SWANS: IGNORE  
THEM AT YOUR  
ASSOCIATION'S PERIL**



*Why associations should beware political risks when exploring new global markets.*

**BY KERRY COSBY**

**In 2003, widespread protest broke out around me in Azerbaijan, a country formerly part of the Soviet Union.** Violence erupted just a few blocks from my office with clashes between protesters and the police, the torching of cars and mass arrests. The country's capital was brought to a standstill, and the work of our organization was set back for weeks. Azerbaijan's unrest had been what statistician and risk analyst **Nassim Nicholas Taleb** calls a black swan—a highly improbable event with significant impact.

We hear a lot about risk management these days, but when most organizations develop strategies for international growth or enter an international market, they tend to ignore political risks—**the ways in which decisions by government or political actors in a country influence the organization's activities.** However, it is in political risk that black swans with the greatest and longest lasting impact can be found.

### **Talking Turkey**

The reason associations pay little attention to political risk is that many fall directly into the “turkey problem,” imagining the future will look much like the past. For 364 days, the turkey lives in luxury: fed every day, surrounded by friends. He struts like a king through the yard, and expends little energy to fulfill his own wants and needs. He expects the 365th day to progress much the same...but soon realizes that Thanksgiving Day will diverge greatly from his expectations.

The turkey problem was what caught most Middle East observers off-guard during the 2011 Arab Spring. That year, I led the charge to open an office in the Middle East for an international association that served the oil industry. We spent

a year researching the economies, politics, legal frameworks and markets of the countries. We had even examined the reports of various political risk assessment firms.

As we narrowed in on opening an office in either the United Arab Emirates or Bahrain, **none of the political risk firms had predicted the contagion from the Arab Spring** to reach Bahrain. They expected the country's economic development and support from Saudi Arabia to insulate it from unrest. But on 14th February 2011, the Bahrain uprising began, leading to the Bahraini government's declaration of a state of emergency that lasted from March until June, and having repercussions for years to come.

### Overcoming the Turkey Problem

To overcome the turkey problem, an association needs not to imagine the future in terms of averages or normalcy, but rather to **understand the probabilities of a risk's occurrence, and to identify the distribution and uncertainty in the data**. As a person who loves data, I can tell you that a trend is a thing of beauty. We have to remember, though, that data points never fall directly on our trend line, but are scattered around it. And if we can look at how the data points are scattered around our trend line, we can better understand the risks we face, and prepare for tail events like Azerbaijan's unrest or the Arab Spring.

Unfortunately, most political risk assessment firms only offer numerical risk indicators—between 1 and 100 or 1 and 5. Some even offer the easy to read traffic lights. But these are not enough for entering a market. Such assessments provide a false sense of security. Everything seems clear. A country with a four out of five or a green light should not suffer a black swan, right?

No, not right. **The U.S. would have had a green light for financial risk right up to the moment of the 2008 financial crisis**, or for political risk right up to the

moment of 9/11. By understanding the distribution of political indicators and the probability of a black swan events occurring in the country, the association can better recognize the possibility of significant downsides, which leads to better preparation.

We always have to remember that the probability of black swan events will be exceedingly small, depending on the country being assessed, but the magnitude of potential revenue losses and increased costs make the risk from a black swan enough to be considered in a country analysis.

### Managing Political Black Swans

So if we can't predict black swans, how can we manage them? Here are a few ideas:

**Using data to understand the risks:** Many of us in the association world rely on our intuition and experience for planning our work and expanding into new markets. But when we do this, we miss the possibility of black swans, particularly those in the area of political risk. Using data to understand the probability and impact of political black swan events can help us prepare for their eventualities. There is a wealth of publically available resources on the health of countries' political and economic systems. When possible, utilize these.

**Understanding the risk to the entire organization:** Often we look at risks on the level of individual projects, but to help the organization understand the effects of a black swan, we need to connect the risk analysis to the rest of the organization. We would look at, for instance, how political unrest in Brazil causing a massive hit to revenues in Latin America would impact the annual meeting in North America, or how much stress it would put on other projects that have to make up for those losses.

**Updating beliefs:** Although a black swan can hit at any moment and without warning, the association may start seeing indicators of increased risk as the black

swan event approaches. Updating risk assessments often is beneficial. But we have to use the new data to overcome our bias that everything will stay as it is. Rumbblings in the Middle East had begun prior to the Arab Spring, but most analysts assumed the region's governments would keep them in check. Given the magnitude of a black swan event, an organization does not have the luxury of making this mistake.

**Creating strategies for unforeseen risks:** An organization can protect itself by creating strategies for how to deal with unforeseen risks. One method is to look toward redundancy rather than a lean efficient structure. The scarcity of resources often makes associations look for ways to be as lean and efficient as possible. However, black swans call for redundancy to minimize their effects. If you run your operations in China from an office in Beijing, and a black swan event renders your office out of action for an extended period, the ability to run events in Shanghai from your Southeast Asian office can minimize the impact on your organization.

## Conclusion

We like to think of black swans as rare, but although they are hard to predict, when viewed on a global scale we see that they are much more common than we expect. In this article, I have mentioned only four black swans, but during my time in the international sector, the Ruble Crisis, the East Asian financial crisis, unrest in Azerbaijan, Georgia, Turkey, Brazil and Bahrain, the great recession and the bottom falling out of the oil market have all affected my work at some point.

Although this article has focused on black swans in the political sphere, they are possible in all types of business risk (operational, compliance, strategic, financial and reputation). The ability to recognize the chance of such black swans, and to be prepared to manage them when they arise, is fundamental for new business development. **If your association develops a strategy to handle them, your growth will be much smoother.**

## From the Chat: The Push From Competition

*Is your association in tune with those competing for member and partner attention?*

"At my association, we aren't exploring new markets but **trying to re-establish relationships with a market we've lost**. It was lost for two major reasons; competition from new associations and an inadvertent internal focus on a very important sector that had an unintended result. Competition from for-profit event companies entering what has traditionally been our space has been a big issue."

- Shari Rager -

"Our biggest competitors are **trade publications that are also offering events, training, and online communities**, and that don't charge for membership!"

- Meena Dayak -

"A lot of associations don't think they have **competitors for members, corporate partners, or conference attendees**. These associations will be surprised. Companies use marketing dollars to pay for corporate sponsorships and partnerships; as much as these companies value the affinity with associations, they must seek ROI for their sponsorships and partnerships.

"If association corporate partnership programs don't meet the needs of each company, these companies will choose to spend their marketing dollars elsewhere."

- Bruce Rosenthal -

# 03

## DATA IN ACTION: ACQUISITION AND ANALYSIS

*A foolproof guide to getting the most out of your association's research.*

**BY WHITNEY EMERICK**

**When exploring new markets as an association, whether that be in new geographical regions or new types of services, it is imperative that you have a map to guide you.** You can acquire the information you need before diving in and investing in a project through careful research and data analytics.

I work for a business to business association, the Petroleum Equipment Institute. A couple of years ago, we noticed two distinct changes in our membership base. First, the lines between membership divisions that were set up back in 1951 were beginning to blur, because members were struggling to determine which division they belonged to. Second, while our US membership base started to shrink, we saw growth internationally, in regions that were outside of our original charter.

Research allowed us to make sense of these changes, and we used the data that we acquired to pivot and find the best possible path of business development to follow going forward. **Using what we learned and continue to learn, I have put together a guide to successful data acquisition and analysis.**

### **Find your starting point**

Get to know your I.T. or data warehousing manager and take a look at the health of your data. Has it been updated recently or is it cobbled together from various legacy systems? From there, you can form a picture of whether your data conforms or differs from the external aggregate data from publicly available sources. You can also identify whether your organization is an outlier or following the market.

## Craft the right questions

I visualize the acquisition of data as a race: you start at a baseline of knowledge and aim for the finish line, which is the information you need to solve your problem. Keeping the finish line in mind helps you craft the questions you need to ask during the race.

When you're working on research with a large group of people, particularly a board, two types of conversations may come up. The first is they ask a leading question as part of a survey, one that implies a particular answer. The second is a loaded question, often including charged words, that is biased towards a particular opinion and dismissive of others. These questions can send the research project in skewed directions and obscure the truth of the data.

When this happens, it's best to pause for a moment and take a breath. What is the concern that the board are projecting onto this task? Reflect it back at them in your own words to make sure you've got your finger on it. Then ask them to pivot back to the finish line on the horizon. Validate their concern, then remind them of the common goal to reorient everyone towards it. **Remind them that research and data is a tool, not a conclusion. This takes the pressure off the process.** The board will be more likely to move forward once their concerns have been noted.

## Beware spurious relationships

Spurious relationships are tricky. What's happening is one of two scenarios. The first: two outcomes occur within a relatively short time span but you don't know if they are related. The second: each outcome is occurring but there might be an invisible, lurking variable that you need to discover. When you notice a hole in your data, don't jump to conclusions and try to connect the two.



There's a pressure to present a complete dataset. You want to bring together the project, tie it up with a bow and present conclusions. **However, gaps in the data are there for a reason and it is wise to leave them alone.** See if you can find relationships but don't feel a compulsion to connect the dots.

### Assess risk levels

**Risk is not a four letter word.** It is an inevitable part of exploring new markets, because nothing is guaranteed, but there are ways you can minimize risk and make it acceptable to those involved.

Assign a numerical value to the financial risk for stakeholders when you suggest a course of action that could cause damage. There are statistical tools you can use to assess this. Come up with a criteria for low, medium, and high risk, in terms of the amount of money that could be lost. How much loss is the organization willing to tolerate in pursuit of a goal? Breaking this down makes it easier for the board and stakeholders to process and distill risk. Guide them towards a level of risk that is acceptable to them.

It's wise to note internal risk too, if you're embarking on a path that's new to your staff, culturally or logistically. Infrastructure may need to be put in place to attend to this. **Remember: if you pursue a zero-risk policy, you are not disrupting or innovating at all.**

## From the Chat: When Risks Pay Off

*Handling risk with care can lead your association to new and unexpected destinations.*

"Associations must consider **the introduction of volatility with expansion** (internationally or otherwise) and the fact that expansion will likely mean (especially for smaller associations) more volatility, such as lumpier revenues and costs and lower predictability. The board will need to understand that."

- Meredith Low -

"The idea of volatility in the organization is an important one. And it's important to have this discussion very openly with your board before you start down the road of international expansion. Talk to them about the risks that are going to affect you. The board has to understand that the risks increase as we expand internationally and we have to determine how we manage it--and how will it affect other programs. It's a good discussion to start out with when planning your expansion. Risk can also provide upsides. **With higher risk, often there is higher payoff.**"

- Kerry Cosby -

"The goal isn't to avoid risk, it's to manage risk. Nothing ventured, nothing gained (I understand this is hard for some associations). Competition comes from for-profit and non-profit entities. Members need information and solutions. They have an affinity with their association, but if they can get what they need on-line or from a company, they'll do so. **To turn this challenge into an opportunity**, associations can create corporate partner relationships with these companies in arrangements where the association co-develops, co-brands, and/or co-disseminates information to members with the company."

- Bruce Rosenthal -

04

**SURVEYS, RESEARCH  
AND BIAS-FREE  
QUESTIONS**

*The Association for Women in Science wants you to pay attention to gendered language.*

## BY CINDY SIMPSON

**The Association for Women in Science (AWIS) has been around for almost 50 years.** We are multi-sector and multi-discipline with members in universities, corporations, government, non-profits, and all sectors of science. Recently, we have noticed a change in the makeup of our membership, with many younger members joining the organization, in addition to our mid- to senior-level members. However, there has also been an increase in the number of other organizations available for people in our sector to join. **This competitive landscape makes it all the more important that we remain tuned into the needs of our industry.**

### Research: Who, What and Why

When we were initially growing AWIS, we threw a lot of projects at the wall to see what would stick. **Now that we're more mature as an organization, it's important to be strategic and intentional in our investments.** Risk and innovation is good, but the stakes are higher. We infuse effective research practices into every level of our organization to ensure we are on the right track before we begin a new project.

We have conducted a number of surveys and focus groups to ascertain exactly what it is our members need and the types of professional development that will meet their goals and objectives. If we don't understand and collect that critical data, we could go down a path that is not supported or beneficial for the organization or, more importantly, our members. I recommend including non-members in these focus groups and surveys to get a broader perspective, and to find ways they might be brought on board.

**We utilize the information we obtain and synthesise it to decide what products, toolkits or workshops to make available to our chapters and members.** Web analytics help us to understand which new markets we should explore, and to determine the validity of the market we're currently in. During a recent makeover of our website, we've taken note of which pages get the most hits. The research section of our website is the most viewed by members and non-members alike, so we have built that section out to include more of our research, while keeping certain content exclusive to members.

### Case Study: Gendered Language and Bias

**We have conducted collaborative research with about 20 other professional scientific societies on the topic of awards and recognition.** There is a correlation between awards and recognition provided to women and the amount of biases that exist in the nomination process, the structure of the awards, and the makeup of the committee. One form of bias revolves around the use of gendered language. **When people hear certain words, they associate them unconsciously with a certain gender.** Male-associated words are those that are described either as standout, ability, or research. Examples of standout words are excellent, superb, magnificent, supreme; ability word examples include intelligent, brilliant, capable, analytical; and research word examples are method, manuscript, grant, or research.

Female-associated words are generally thought of as those that are used to describe women and are identified as either grindstone or teaching words. Examples of grindstone words include hardworking, meticulous, methodical; teaching words include instruct, course, service, or lecture.

Why is this important? **When writing survey questions, it is particularly important to pay attention to language.** For example, in learning more about a potential candidate to hire, a question could include “Describe a time when you used analytical skills to address an issue which showcased your innate talent” (analytical and innate are both thought of as male-associated words). Another example would be “If you missed an important meeting because your administrative assistant did not put it on your calendar, how would you counsel her?” (assumption is that the administrative assistant is a female). To combat the influence of bias, survey questions should be constructed to be as free of bias as possible.

**Research like this can go beyond the boundaries of the association and benefit all facets of an industry.**

## From the Chat: What (Non) Members Want

*Surveying members is a trusted method of working out next steps, but what can we learn from reaching out to those who haven't joined yet?*

### The pitfalls of surveys

"I have a hard time getting a large enough number of people taking surveys to get statistical significance. I also think about the fact that **the order of your questions will impact the responses** because one question puts someone in the mindset leading to the second question."

- Arianna Rehak -

"You understand your members' needs by what they say in surveys and focus groups and what the data tells you about how they respond to and engage with your offerings. However, **I always worry about what members don't tell you. You won't hear from those who are disengaged.** And those who don't care won't take the trouble to tell you why they don't care."

- Meena Dayak -

"We see a lot of members telling us what they want and need but that doesn't necessarily drive behavior once resources and programs are provided to meet those needs."

- Shari Rager -

## The solutions we need

"We have sought non-members for surveys, by working with volunteers to invite people to take the survey. We have also drawn on industry partners to this. But also you have a lot of non-member contacts through events you've conducted and through product sales."

**"My favorite part of surveys is reading the unstructured answers of people who are unhappy that we sent them the survey.** Even that gives you great information about what your members are thinking."

- Kerry Cosby -

"To find non-members to survey, **we collect names of individuals who access our magazine** (oftentimes, this includes non-members) as well as those who are part of our AWIS LinkedIn group (again, this includes a number of non-members). Plus, our chapters will assist us in finding these individuals as they have great input at the local level."

- Cindy Simpson -

"We recently surveyed non-members for the first time to get an idea of their perceptions of us and why they're not joining. We learned that there are several misconceptions about eligibility to join (we do certification). We were aware anecdotally through interactions with potential members that some were intimidated by our certification process and often asked the same questions. But, **seeing the survey results cemented the fact that we have some perception issues we need to address.** We're now tweaking our communications. It's all still in the idea stage, but we're planning a 'myth busting' type campaign that will allow us to label things as 'myths' and then offer the 'truth.' We're so glad we got the insight we did from the survey!"

- Jenny Brown -



# 05

## FURTHER RESOURCES

During the live chat, speakers and attendees alike chipped in with their tips for further reading and resources about exploring new markets. We've compiled them into a list for you here.

- [Article](#): The Most Frustrating Thing New Members Do
- [Article](#): Measuring What Matters in Nonprofits
- [Article](#): What Is Disruptive Innovation?
  
- [Book](#): Bart Baesens, *Analytics in a Big Data World*
- [Book](#): Steven Worth, *The Association Guide To Going Global*
- [Book](#): Bonnie L. Koenig, *Going Global For the Greater Good: Succeeding as a Nonprofit in the International Community*
  
- [Case Study](#): Identifying Strategic Risk
  
- [Report](#): New Member Engagement Study
  
- [Research](#): AWIS Research Center
  
- [Resource](#): How to Manage Risk
  
- [Video](#): What Predictive Analytics Can Do For Associations
  
- [White Paper](#): How Nonprofit Organizations Manage Risk

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