Innovate the Lean Way: Applying Lean Startup Methodology in the Association Environment

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Introduction: An Innovation Parable

The phone rings. It's Board Member Smith, who sounds excited: "I've been talking to some of my colleagues, and I have a great idea for a new program for our members!"

You may be nodding your head in recognition, if not experiencing painful flashbacks or wondering if it's too early in the day to start drinking.

We've all been on the receiving end of that phone call. Someone—a board member, a volunteer, a fellow staff person—has an interesting idea for a new program, product, or service, inspired by a conversation with a member or by learning about something another association (or for-profit) has launched to great success. And it usually *is* an interesting idea, with exciting potential and significant possible benefits.

The idea gets developed and discussed. You write a business plan. The project gets approved and included in the budget. You form a project team and set up your project schedule. Staff devotes time and resources. Volunteers contribute their (often substantial) input. You may hire outside consulting help, or seek new or expanded vendor relationships to provide technical support. You hold status meetings and deliver progress reports. You provide deliverables.

Eventually, after months or even years of effort and thousands of dollars invested, you're ready to launch, which you do, to much internal fanfare. And then…nothing. Members and other audiences not only aren't excited, but they don't even seem to notice. You realize your initial sales projections were far too optimistic. You ramp up your marketing. Sales are still disappointing. But you have too much invested—staff time and resources, money, volunteer energy and attention—to kill the program, so you continue trying everything you can think of to make this new initiative work.

What happened? How did a good, interesting, innovative idea that people seemed to want and that maybe even worked well somewhere else fail?

Your association has been wasting precious resources working on the wrong thing.

The problem with this approach to product development is that it is completely driven by untested assumptions. Notice that nowhere in this story does the organization articulate its assumptions or attempt to prove (or disprove) them by reaching out to its members.

It's tempting to make decisions based on anecdotal evidence, without doing a thorough analysis to understand if the program being considered actually solves a problem that members and other audiences think is worth solving. But the plural of anecdote is not data. Without data, we are vulnerable to selection bias, in which we ignore evidence that contradicts our hypotheses, leading us to invest resources in what amounts to an educated guess. Association development cycles tend to be slow, which means we've often invested significant resources before we start getting feedback from the market. That in turn makes it difficult for us to kill initiatives that don't work out as anticipated.

The key to escaping this cycle is to articulate and seek to validate assumptions as early as possible. This is vitally important to associations, as we endeavor to invest wisely to help members and other audiences achieve their most critical desired outcomes. We cannot afford to pursue the wrong things, because that has a double impact on our ability to achieve our missions and serve our members: it wastes our limited resources while, at the same time, preventing us from focusing on initiatives that would really matter for our members and our organizations.

Is there a process that can help associations achieve our missions, stay in business, find problems worth solving, and make a real and meaningful difference for our members, achieving the sustainable, dynamic impact we seek?

Your authors would argue that there is: lean startup methodology, as most fully developed and articulated by Eric Ries in his 2011 book *The Lean Startup*. This whitepaper will introduce lean startup methodology and describe its key elements, review some of the unique challenges associations face and advantages we enjoy in applying this methodology, share stories of associations who are using lean startup effectively to innovate, and help association executives think through how to get started applying these concepts in your own organizations.

What is Lean Startup Methodology?

Eric Ries, a Silicon Valley entrepreneur, is one of the originators of lean startup methodology. In his words:

> **"Throughout my career, I kept having the experience of working incredibly hard on products that ultimately failed in the marketplace. At first, because of my background, I viewed these as technical problems that required technical solutions: better architecture, a better engineering process, better discipline, focus, or product vision. These supposed fixes led to still more failure. "**[1]

As Ries moved from engineering and product development into launching his own company (IMVU, an online 3D chat community), he studied a wide variety of approaches from a plethora of industries to "find ways to eliminate the tremendous waste I saw all around me: startups that built products nobody wanted…."[2]

Ries began with the lean manufacturing movement of the 1970s. The term lean comes from the notion of removing waste (fat) from processes. Many associations are familiar with the concept of lean six-sigma, which focuses on achieving greater efficiency through process improvements designed to eliminate wasted effort and minimize defects.[3]

Lean startup methodology takes this concept one step further. Ries realized that it does not matter if your process is the leanest it can be if you produce a solution that people do not need or want.

Ries engaged in a rigorous, iterative process of hypothesis formation, testing, learning, and revision that eventually produced a fully formed approach: lean startup methodology. His methodology has since been successfully adopted by both other Silicon Valley startups and major corporations like GE and Intuit.

"But wait!" you're thinking. "Startup? Associations aren't startups!"

According to Steve Blank, author of *The Four Steps to the Epiphany* and *The Startup Owner's Manual,* a startup is "an organization formed to search for a repeatable and scalable business model."[4] In Blank's view, a startup is not a smaller version of a company. Companies execute a known business plan, while startups are still trying to define that plan. The lean startup method thus focuses on allowing an organization to be agile and nimble enough to navigate the different possibilities until it arrives upon a sustainable business model.

"Fair enough," you might say. "But wouldn't that make an association more like a company than a startup?"

That might be the case, if we were operating in a world of sustainable competitive advantage. But, according to Rita Gunther McGrath, professor of management at the Columbia Business School, we're not. The era of sustainable competitive advantage is over. We're now operating in a world of *transient* competitive advantage. As McGrath observes, "Competitors and customers have become too unpredictable, and industries too amorphous."[5] No one gets to stay on top forever anymore.

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1. Eric Ries, *The Lean Startup,* p. 5
2. Eric Ries, *The Lean Startup,* p. 7
3. http://www.isixsigma.com/methodology/lean-methodology/ask-expert-integrating-lean-and-six-sigma/
4. http://steveblank.com/2010/01/25/whats-a-startup-first-principles/
5. https://hbr.org/2013/06/transient-advantage

Is your association's advantage transient? McGrath advises you to ask yourself how many of the following statements are true:

- I don't buy my own company's products or services.
- We're investing at the same or higher levels and not getting better margins or growth in return.
- Customers are finding cheaper or simpler solutions to be "good enough."
- Competition is emerging from places we didn't expect.
- Customers are no longer excited about what we have to offer.
- We're not considered a top place to work by the people we'd like to hire.
- Some of our very best people are leaving.
- Our stock is perpetually undervalued.

While that last statement may not be applicable to your association, she notes: "If you nodded in agreement with four or more of these, that's a clear warning that you may be facing imminent erosion."[6]

We would argue that all organizations, tax-exempt and for-profit, need to view themselves as startups, constantly seeking to find sustainable business models in an era when that landscape shifts more frequently than at any point in history. Indeed, some of the keys McGrath recommends, like focusing on solutions to problems, creating a system that supports innovation, and building an experiment-learn-iterate loop, are intrinsic to lean startup.

At root, the lean startup method is a framework for innovation that leads to the development or reinvention of programs, products, and services. Like any framework, it does not just magically work. Organizations seeking to adopt the lean startup method must invest time and resources learning how it works, applying it, and evaluating outcomes. As Steve Blank notes, the methodology "favors experimentation over elaborate planning, customer feedback over intuition, and iterative design over traditional 'big design up front' development."[7] As such, it's ideally suited for resource-poor environments. (Sound like any associations you know?) Properly employed, it will improve your organizational effectiveness, help you invest your limited resources wisely, and allow you to maximize your returns on those investments.

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6. https://hbr.org/2013/06/transient-advantage
7. https://hbr.org/2013/05/why-the-lean-start-up-changes-everything

Keys to the Lean Startup Method

The lean startup method is based on a few simple concepts:

- The Business Model Canvas
- The Build-Measure-Learn Cycle
- The Minimum Viable Product (MVP)
- The Pivot

We'll examine each in more detail below.

The Business Model Canvas

Once again quoting Blank, in the lean startup environment "rather than engaging in months of planning and research, entrepreneurs accept that all they have on day one is a series of untested hypotheses—basically, good guesses. So instead of writing an intricate business plan, founders summarize their hypotheses in a framework called a *business model canvas.* Essentially, this is a diagram of how a company creates value for itself and its customers."[8]

The first step in creating a business model canvas is to record your hypotheses, the most important being your main idea for the product or service you plan to develop or improve. In his doctoral dissertation, *The Business Model Ontology,* Swiss business theorist, author, and consultant Alexander Osterwalder describes a template composed of nine basic building blocks that is much simpler than creating a full-blown business plan. Osterwalder's nine building blocks include:

- **Customer Segments:** Whom are you serving? What are they trying to accomplish?
- **Customer Relationships:** What type of relationship(s) do you need to build with each segment?
- **Value Proposition(s):** What are you offering? Do people care?
- **Key Partners:** Whom do you rely on? Who relies on you?
- **Key Activities:** What do you actually need to do?
- **Key Resources:** What assets do you have available to deploy?
- **Channels:** How are you going to reach people?
- **Cost Structure:** What factors influence your costs?
- **Revenue Stream(s):** What are people really willing to pay for? How much are they willing to pay?[9]

[10]

The Business Model Canvas	Designed for:	Designed by:	Date:	Version:

Key Partners 🔗	Key Activities ✔	Value Propositions 🎁	Customer Relationships ♥	Customer Segments
	Key Resources		Channels 🚚	

Cost Structure	Revenue Streams

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8. https://hbr.org/2013/05/why-the-lean-start-up-changes-everything

9. http://www.slideshare.net/esaife/business-model-canvas-101

10. http://www.businessmodelgeneration.com/canvas/bmc

You can hear Osterwalder explain this process himself at *https://hbr.org/video/2363593484001/sketch-out-your-hypothesis*.

Osterwalder's template allows you to define your offering, the delivery method, the target audience, the anticipated revenue stream, the resources and activities needed to produce your offering, and the resulting relationship between your organization and your customers. Remember that, at this stage, everything is an educated guess. You don't *know;* you're making assumptions.

Or as Ries puts it, "In the modern economy, almost any product that can be imagined can be built. The more pertinent questions are 'Should this product be built?' and 'Can we build a sustainable business around this set of products and services?' To answer those questions, we need a method for systematically breaking down a business plan into its component parts and testing each part empirically."[11] The Business Model Canvas helps you focus the design of your new offering and begin articulating the assumptions that go into it, so you can start testing and validating (or disproving) them.

The Build–Measure-Learn Cycle

Build First: The MVP

The best way to begin testing your assumptions is to launch a product. "Does our new program solve a real problem that's important to people in a way that's useful and makes sense to them?" There's no better proof of concept than seeing if people are willing to use and pay for your innovative new idea.

Of course, launching a product can also be a terrifying prospect. "What if it's no good and nobody likes it? Will that harm our brand?" It's tempting to operate in stealth mode until you're really sure you have a perfect product with a perfect marketing campaign all ready to go. Unfortunately, that type of secretive thinking is exactly what leads to investing significant resources in creating a product that sounded good in theory but no one wants in reality.

There is a way out of this dilemma, something Ries calls the Minimum Viable Product. "The MVP is that version of the product that enables a full turn of the Build-Measure-Learn loop with a minimum amount of effort and the least amount of development time."[12]

In other words, the MVP asks: What is the minimum version of the product you can build with the smallest investment of resources and effort that would still be real enough to let you start testing your assumptions? What you're building with your MVP is a prototype.

This approach feels counterintuitive. It forces us to, in the words of Lord Dark Helmet from Mel Brooks' 1987 sci-fi comedy *Spaceballs,* stop preparing to go and "just go." Associations, worried about brand reputation, are generally deeply uncomfortable with releasing intentionally half-baked ideas to the membership, but that is the most effective way to validate your initial assumptions. Only when the MVP prototype goes live will you be able to see if the problem you've identified is real, if your solution is viable, and if it's worth investing the resources to actually build the full product.

You don't create an MVP to produce revenue, increase retention, or improve your member value proposition. The sole objective of an MVP is to verify that the assumptions you surfaced while creating your business model canvas are close enough to correct that it's worthwhile to invest some of your limited resources in developing the idea further.

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11. Ries, *The Lean Startup,* p. 55
12. Ries, *The Lean Startup,* p. 77

It's important to note that, as documented by Nathan Furr and Jeff Dyer in *The Innovator's Method,* there are at least four steps on the journey to producing a viable product:

- **Theoretical Prototype:** This is an idea that's developed enough that you can describe it in detail to prospective customers.
- **Virtual Prototype:** This answers the question, "If I had to sell the product today, how could I fake it in a way that feels realistic?"
- **Minimum Viable Product:** This is a product that has the bare minimum feature set necessary to solve the problem you're trying to address.
- **Minimum Awesome Product:** This is "something that customers cannot resist, something that customers love, something awesome."[13]

You can run all sorts of tests against these various prototypes to gather information:

- **Smoke Test:** Create marketing pieces that include a call to action, which might be to ask people to sign up to get more information, reserve a spot, or even make a deposit (refundable, of course, if there's insufficient interest to proceed).
- **Cold-Call Test:** Make a cold call (or cold email) in which you describe your theoretical prototype and ask people to provide feedback, and then see who and how many respond.
- **Vote Test:** Present potential customers with several theoretical or virtual prototype options and ask them to vote for which one(s) they would want to see realized.
- **Proof Test:** As in "proof of concept," this is also a test of your virtual prototype. Also known as a Wizard of Oz Test or a Concierge Test, you provide a service that looks slick and automated on the front end, while on the back end, the work is still being done by hand, which allows you to see if your intended audience uses the service before you actually build it.

- **"Wow" Test:** This can test either a theoretical or virtual prototype. In short, when people hear about or see your product, how enthusiastic are they?
- **Ethnography Test:** If you've ever done in-person usability testing, you've done an ethnography test. You observe your target audience in their normal business environment and see whether and how they use your MVP. This is a great way to gather information about feature sets, since people often use things in ways the product designers never anticipated.
- **NPS Test:** Many associations are using Net Promoter Score to track member value propositions, but you can use it to test your MVP too. Ask people, on a scale of 1-10, how likely they would be to recommend your MVP. As in all NPS calculations, you're looking for your Promoters (scored 9 or 10) to outweigh your Detractors (scored 0-6).
- **Payment Test:** Do people pay for your MVP? Not "Might they pay?" or "Would they pay?" but do they actually write you a check or give you a credit card number?[14] (Information gathered from various sources, including Furr and Dyer's The Innovator's Method and Ries's The Lean Startup.)

Regardless of which method you use (and there are others beyond those listed above), you need to test. Building an MVP is pointless if your organization is not ready to measure performance.

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13. Furr and Dyer, *The Innovator's Method,* pp. 121-130
14. Information gathered from various sources, including Furr and Dyer's *The Innovator's Method* and Ries's *The Lean Startup.*

Measure Second

"*The Lean Startup asks people to start measuring their productivity differently. Because startups often accidentally build something nobody wants, it doesn't matter much if they do it on time and on budget. The goal of a startup is to figure out the right thing to build—the thing customers want and will pay for—as quickly as possible. In other words, the Lean Startup is a new way of looking at the development of innovative new products that emphasizes fast iteration and customer insight….*"[15]

In the lean startup method, your business canvas model is your hypothesis. You've identified a problem that you think is worth solving, and you have a hypothesis about what might fix it. But a hypothesis alone is not enough: you need to design experiments that will allow you to affirm your hypothesis or dismiss it.

This should sound familiar, because what we're describing is the scientific method, as you learned it in middle school.

As you can see from the illustration left, measurement is an intrinsic part of the process of testing the validity of your conclusions. Entire books have been written about what to measure (for example, *Lean Analytics,* which is included in the Additional Resources section on page 26 and which we highly recommend), and there are many good options depending on the exact nature of the problem you're addressing and the MVP potential solution you've produced. The important point is to find a few key measures that will either prove or disprove your theory that you've found a problem worth solving and that your potential solution actually solves it.

The Scientific Method
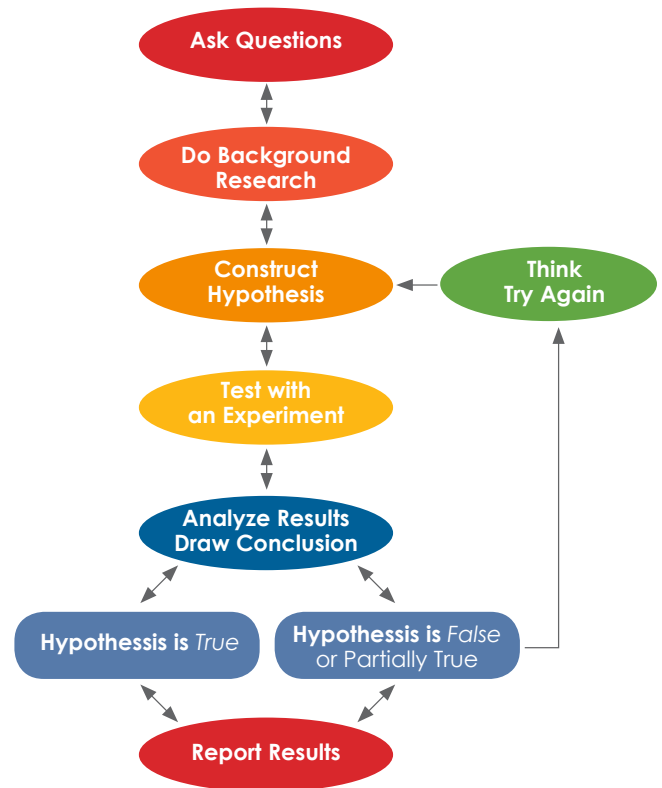
The NCARB case study on page 21 provides a good example. NCARB's leaders were considering designing a new feature for the organization's website, but, following the lean startup method, they decided to test if it was worth building before investing resources. The assumption they were testing was that they could bring more people into NCARB's certification path if there was an easy online way to see what that involved. They combined an A/B test (one group saw a clickable online button, the other only saw a phone number to call) with a proof test (the clickable button triggered a manual workflow on the back end), and measured two things. One, what percentage of the A group that saw the button actually clicked on it? Two, how did the clickable button option perform against the phone call option? You can read about the results below, but the point is that the key to designing a good measure is to focus on the assumptions behind what might make your idea a good product or service, not on the idea itself.

15. Ries, *The Lean Startup,* p.20

Beware of Vanity Metrics

Vanity metrics are a hot topic in the lean startup community. What are they? Vanity metrics don't help you validate or invalidate your assumptions or learn where you might need to make corrections; they merely make you feel good. A common example of a vanity metric is volume: number of likes, number of followers, number of downloads, etc. But are those metrics actually useful?

Take conference attendance. Associations commonly measure the success of annual meetings by number of attendees. But is that really a good measure? What assumption does it test? Attendance numbers don't tell you what those attendees were trying to accomplish by participating or whether they achieved their desired outcomes. They may have come to learn about a topic, to network, to do business, because they wanted to hear a particular speaker or meet a particular person, because they were intrigued by the host city, or for myriad other reasons. Measuring how many people attended doesn't tell you anything about whether those goals were met.

Likewise, if you were to launch a mobile application for your association, it's likely you would immediately begin reporting on downloads. This is a clear vanity metric, as downloads don't tell you whether the app is solving a problem your members think is worth solving. Think about how many apps you download because they're free and you want to try them, but you never use them again.

A better way of testing the success of your mobile app would be to measure the number of members who use the app versus your website to perform particular functions or take advantage of particular services. Do they prefer one platform to the other? Do different cohorts of members use one versus the other? Can you isolate particular features that incline people to use one versus the other? Can you then make adjustments to move you closer toward your goals?

In *Lean Analytics*, authors Alistair Croll and Benjamin Yoskovitz advise determining the business model your idea is based on as a way to start. They identify the following options:

- **Transactional:** Are you looking to sell something? Then you should measure shopping cart conversion (not number of visits), cart size, and abandonment.
- **Collaborative:** Are you trying to get people to vote, create content, converse, comment, or rate? Then you should measure the ratio of lurkers versus creators and the ratio of good versus bad content (and define what you mean by that).
- **SaaS (Software as a Service):** Are you trying to design a system that will increase someone's productivity? Then you should measure conversions from trial to paying customer and churn or attrition.
- **Media:** Are you running a marketing or ad campaign? Then you should measure click-through rates, time on page, pages per visit, and, ultimately, conversions (did people buy?).
- **Game:** Have you created a game for your audiences? Then you should measure data like time spent in the app and in-app purchases (if that's an option). Anyone who's played Candy Crush knows how this works.
- **App:** Have you created an app? Use is hard to measure without a control (like in the NCARB example), but you should also measure things like ratings and reviews, uninstalls, and whether users are keeping up to date with the latest version.

Croll and Yoskovitz have also identified something they call "The One Metric That Matters." You can and probably should measure many things, but there is one metric that will have the biggest impact on your learning. As you might suspect, that one metric is different for every project in every organization, but Croll and Yoskovitz advise you to think about what business you're actually in, what stage of growth you're at, and who your audience really is as a way to help you identify it.

They also offer some suggestions for what makes for a good metric:

- It's a rate or ratio. New users per day is better than total users.
- It allows for comparison over time. Percentage of change from last week is better than overall percentage.
- It's simple. People can't remember or use metrics that are too complicated.
- It makes your predictions more accurate, which means you have to track what happens over time.
- It allows you to change your behavior based on the results you see. That is, it allows you to learn and then act on what you learn.[16]

Learn: The Pivot

> **"The more money, time, and creative energy that has been sunk into an idea, the harder it is to pivot."**[17]

Nobody likes to fail. And there is nothing worse than a permanent failure. The corporate world has seen many: Crystal Pepsi, Thirsty Dog bottled water for pets, the Gerber's Singles line of adult food. This is another reason why operating in stealth mode until you have a fully finished product that is marketed as ready for mass consumption is dangerous: you can find yourself in the unenviable position of spending far too many resources on an idea based on unverified assumptions.

But failure does not have to be permanent, particularly if you can fail fast and learn from it. One of the least painful ways to accomplish that is by soliciting as much feedback as possible as early as possible. If you learn quickly, and before investing significant resources, that some of your assumptions are wrong, it is much easier to change direction and adapt your initial solution or perhaps even to solve a different problem all together.

One of the biggest benefits of lean startup methodology is that the MVP prototyping process allows you learn if your assumptions are right early in the journey to creating a new product. One of the reasons this method has become so popular so quickly, and that so many startups and established companies are using it to find sustainable and profitable business models, is that it shows you, definitively, if you are on the right or wrong track before you've invested such significant resources that you risk damage to the overall organization.

As we've discussed, when an association has an idea for a new product or service, three main assumptions need to be tested:

- **The target audience:** Have you identified and segmented them correctly? How well do you know them and the outcomes they're trying to achieve?
- **The problem:** Have you identified something that is actually a problem worth solving for that audience?
- **The solution:** Does your solution fix the problem in a way that's useable and convenient for your audience, at a price they're willing to pay?

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16. http://leananalyticsbook.com/one-metric-that-matters/
17. Ries, *The Lean Startup,* p. 153

Any one of these could be problematic. You might have the right target audience, but what you perceive as a problem is not actually a problem to them. Or you've correctly identified a problem worth solving, but your solution doesn't work. Or you have a great solution, but it's to a different problem or suitable for a different audience.

What if you test your assumptions and discover that one or more of them is, in fact, incorrect? It's time to bring that learning and information back to your project team and regroup, rethink, rebuild, and reevaluate. In other words, it's time to pivot. A pivot, as defined by Eric Ries, is "a structured course correction designed to test a new fundamental hypothesis about the product, strategy, and engine of growth."[18]

Referring back to the scientific method model, you've just disproved your original hypothesis. The pivot is the process of returning to test another hypothesis.

Consider Groupon, an online group discount tool that started as a platform for mobilizing groups of people toward action for various social causes. Or YouTube, a company that began as a site for sharing videos for online dating but, when that failed to take off, switched to sharing any kind of videos online. Or PayPal, originally launched to allow people to transfer money between Palm Pilots (remember those?), before it was acquired by eBay and began running the majority of online transactions.[19]

These successful companies all got their initial assumptions wrong. They picked the wrong problems. Their target audiences did not need or want their proposed solutions. But they all learned from that feedback, adapted, found problems worth solving, and came out with new solutions to those problems.

Lean startup allows you to check your assumptions quickly and with the minimum investment of resources. But it only works if you sincerely try to be proven wrong. As we described in the introduction, that skeptical, humble mindset is necessary to combat selection bias, the urge to acknowledge only the evidence that confirms one's beliefs and ignore that which disproves them. We've all seen organizations throw good money after bad because ego got involved, because people became personally invested in being right. Lean startup can be a powerful tonic to that all-too-human impulse.

Ries identifies many possible pivots, of which the following seem most applicable to associations:

- **Zoom In:** in which one feature becomes the entire product.
- **Zoom Out:** the reverse, in which the whole product becomes a feature of a new product.
- **Customer Segment:** in which you've identified a real solution to a real problem for a different audience than you originally thought.
- **Customer Need:** in which you've chosen a problem that's not important enough to merit solving but that has illuminated other problems that might be.
- **Business Architecture:** in which you shift from high margin and low volume to low margin and high volume, or vice versa (though the latter option is not available to all associations, as some serve communities that are too niche to be high volume).
- **Technology:** in which you deliver the same program, product, or service through a new (and generally vastly improved) technological platform.[20]

18. Ries, *The Lean Startup,* p. 149
19. http://mashable.com/2011/07/08/startups-change-direction/
20. Ries, *The Lean Startup,* pp. 172-176

When pivoting, it's important to remember to change only *one* variable at a time so that you can properly measure the effects of that change and learn something you can use in your next round of tests. Data is your ally in this process, as long as you've developed metrics that will unequivocally show whether your hypothesis is true. Listen, learn, make adjustments to your solution, and measure again to see if you're getting closer to the right solution to the right problem for the right audience. The key is to keep returning to your measures, the ones you created to help you cut through your biases.

Abandoning a vision due to contrary evidence can be painful, but associations cannot afford the wasted resources that result from avoiding early customer feedback due to fear of negative reactions. Indeed, as Furr and Dyer point out in *The Innovator's Method:*

> *"Pivoting is a powerful and liberating idea. It's liberating to recognize that no human being can guess correctly when you face uncertainty, and that part of the process is making changes to adjust to these inevitable errors."*[21]

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21. *Furr and Dyer, The Innovator's Method,* p. 172

What's Different for Associations?

Challenges

Despite some similarities that make this model intriguing, associations are not, in fact, startups. That's probably mostly clearly seen in the role boards of directors and other volunteer leaders play in decision making. In the earliest stages, a startup is the result of the singular vision of its founders. Even once they've secured their first round of venture capital funding, the VCs who now own part of the company are a very different type of "investors" than an association's board. Association boards not only provide strategic and fiscal oversight and help develop contingency plans (like VCs), they are members and customers of the associations they oversee, which means they tend to have a personal stake in decisions that are made. Whatever they choose affects them directly, which makes it harder for them to be objective and separate "what I like and what benefits me" from "what is good for the entire field, profession, or industry."

Because association board members also tend to serve short terms, there is a "not on my watch" temptation. That is, everyone adheres to the gospel of "failure that you learn from is a good thing" and "fail fast," only not when *I'm* on the board. The association needs to experiment, fail, and learn under *someone else's* leadership. With terms that are often only one to three years, it can be hard for associations to cycle fast enough to get through to an MVP, learn, pivot, and release the next MVP before the people who initially approved the project have termed off the board, which means when the MVP eventually becomes the Minimum Awesome Product, the people who approved the project are no longer around to share in the success. In other words, associations tend to be risk averse (not a shocking statement, we know), in part because no one wants to look like the volunteer leader who failed, even if that "failure" is in reality only a temporary setback.

Relatedly, brand plays a very different role in associations than in startups. Throwing ideas at the wall and seeing what sticks is intrinsic to the startup brand but less so for associations. Startups are expected to fail frequently. Associations can get so paralyzed by the fear of doing the wrong thing that we do nothing at all. We fear the criticism we might experience if we release something that's less than perfect, so we delay acting until success is assured, which means we are tempted to delay indefinitely.

What about those other volunteer leaders? That's another challenge for associations: our decisions often involve a lot of stakeholders. Startups make final decisions with a relatively small group of insiders, usually just the founders and board members (of which there may be only a handful). Associations are more collaborative, inviting more voices to contribute ideas and suggestions and often running them through multiple groups and levels, which might include volunteer task forces, volunteer committees, staff teams, the senior staff, the CEO, the executive committee, or the full board of directors, before making final choices. Our decision-making environment is far more complex than that of the average startup.

Like startups, we can also fall prey to the HIPO, the Highest Income Person's Opinion. Associations have a special twist on this, though. In a startup, the HIPO is often the founder (although there the "I" usually stands for Impact more than Income, at least initially). In associations, the HIPO is sometimes the chief staff executive, but often the HIPO is a volunteer leader who is prominent in the field, profession, or industry. When the CEO of the largest company in your industry (and largest payer of dues to your association) is on your board, it can be hard not to give her opinion significantly more weight.

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Another critical difference is that association programs, products, and services are not like startup products and services, which are often consumer-focused and simple in concept. It's one thing to throw up a Facebook page and buy some Google and social media ads to see if people are interested in booking party-bus style road trips planned by someone who's been a rock-n-roll tour manager.[22] It's quite another to try to come up with a Minimum Viable Certification Program. A former roadie can easily hire out a bus and catering while he's gauging demand. But a certification program requires a serious, well-planned curriculum that leads to a rigorous, psychometrically valid exam and is only as valuable as potential employers (your customers' customers) think it is. It's a substantially different undertaking.

Advantages

Associations also have certain advantages when it comes to adopting a lean startup mindset. The biggest one is something we usually see as a disadvantage: perpetually tight resources. And by that we don't just mean money. Associations are also perpetually tight on staff and volunteer time and mental and physical capacity to take on additional projects. We never get a "B round" of funding, where all the sudden everyone's making a big salary and reaping stock dividends and we can double or triple headcount as fast as we can hire qualified people. Startups don't stay startups forever. They eventually either succeed big or go out of business. Associations, on the other hand, are perpetually lean, and because of that we're never faced with the temptation to get lazy. We can *never* afford to waste time, money, attention, or brain cycles on pursing the wrong thing.

Moreover, most associations, even the "big" ones, are actually small in the grand scheme of things. AARP, generally acknowledged as the largest association in U.S. (by revenue), reported $1.3 billion on its latest filed IRS Form 990, and in our research it was the only association we could find with revenues regularly over $1 billion. By contrast, Uber is projecting $10 billion in revenue in 2015.[23] Rent the Runway, relatively small in the startup world, has already raised well over $100 million.[24] A $100 million revenue association is considered a very large association. Of the tens of thousands of associations in the United States, the vast majority are what we would consider small, with fewer than 10 staff. Measured against the standard of the for-profit world, that's tiny. Turning an aircraft carrier is much more difficult than turning a tugboat. Associations' relatively small size should make us more agile and able to quickly and easily change direction. We're not trying to retool manufacturing processes or retrain thousands of staff members.

Associations also have a unique culture. Although tax-exempt organizations need to earn revenue to stay in business, associations aren't motivated solely by profit and the bottom line. We are, when at our best, purpose-driven, mission-driven organizations whose primary focus is to build relationships with members and other stakeholders that help them achieve their most critical professional outcomes and solve their most pressing professional problems. We are, ideally, customer oriented in ways that for-profit organizations can't touch, because the relationships we build are authentic strategic partnerships, not transactions driven by selling consumer goods. We know our members and their operating environments more intimately than just tracking their purchasing patterns, and we're invested in their ultimate success, not just in moving a certain number of units.

22. https://www.facebook.com/RocknRoadTrips

23. http://www.businessinsider.com/uber-revenue-projection-in-2015-2014-11

24. http://fortune.com/2014/12/19/rent-the-runway-raises-60-million/

CASE STUDY
American Speech-Language-Hearing Association (ASHA): Pivoting From Lean Process Improvement to Lean Startup

"There are a ton of things we could do that would be reasonable things to do, a smaller group of things we should do, and an even smaller group of things we will do. If leaders can't see that, you're wasting your limited resources."

Arlene Pietranton, Ph.D., CAE, CEO

One of the big questions we ran into in our research was the difference between lean six-sigma process improvement and lean startup methodology. It is confusing because they do have some common foundations and practices, such as the test-measure-learn-iterate loop, valuing experimentation, and eliminating waste. But they are not identical, as ASHA's experiences demonstrate.

ASHA has embraced lean principles for many years. In 2007, ASHA worked with Leslie Stein (Full Circle Inspiration/Agile Coaching Institute) to train staff in process improvement and formal project management methodology on the way to forming an in-house Office of Business Excellence. The ongoing goal of this group is to provide a disciplined approach to project portfolio management, support best practices in project management, and foster an environment for ongoing process improvement throughout the national office at ASHA.

The Office of Business Excellence, under the direction of Mary Sonnenschein, encourages a staff-wide focus on new and innovative project ideas, through an annual process where, according to CEO Arlene Pietranton, Ph.D., CAE, "everyone is encouraged to have good ideas. After all, if you don't generate a lot of ideas, you'll never find the really good ones, so our teams have to be free to push the envelope." Each year, every team is invited to submit projects for consideration. The actual form is intentionally simple, to encourage wide participation, and each project goes through a review process involving a facilitation team made of ASHA's executive staff and staff from the

Office of Business Excellence, Digital Communications, and Information Systems. In addition to eliciting new project ideas, the Office of Business Excellence sends out questions via an all-staff survey to gather ideas about processes that are ripe for improvement. As Sonnenschein said: "ASHA strives to provide the best possible experience for our members. Because of that, we are constantly looking for measurable ways to improve the core things we do for them every day. The key question we ask ourselves is: what improvements would most benefit our members?"

After a project has been approved, the business excellence team applies their expertise to help the project owners create a full business plan and manage the project through to completion. One of keys Pietranton highlighted was that, when projects are funded, they are funded to completion, even if that crosses more than one budget cycle. In 2014, 34 projects were submitted and ten were funded.

ASHA has used this process to dramatically simplify its renewal processes, to improve renewal accuracy, to make its certification process more transparent and easier to understand for new applicants, to speed up processing time on both renewals and the critically important verification of professional certification status for its 182,000 members, to improve member communications by making more complete and effective use of a centralized editorial calendar, and to bring more of its processes into alignment with the LEED green status its physical plant enjoys.

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American Speech-Language-Hearing Association (ASHA): Pivoting From Lean Process Improvement to Lean Startup

ASHA is now at the beginning stages of taking its lean approach beyond process improvement into innovation, such as testing co-locating two of its large annual educational meetings for the first time. As Pietranton noted, "We're willing to accept the possibility of failure, particularly if we're trying something with the goal of learning from it and improving. We've asked our attendees to be open to the idea of co-location, and we're intentionally soliciting their feedback. We've also selected more objective measures of success. We've been transparent about the fact that this is a pilot, which means we'll continue it, pivot, or end it, depending on the results."

One key thing that ASHA has learned through this journey is that the story we tell ourselves about change management may not be accurate. "People don't hate change inherently," Pietranton said. "Most people like change if it's proposed and managed properly, which includes being thoughtful, open, clear, and transparent about what the opportunity is and why it's being explored. No one enjoys being changed. But people are enthusiastic about participating in a change process when they're engaged as contributors to that process."

About ASHA

The American Speech-Language-Hearing Association (ASHA) is the national professional, scientific, and credentialing association for 182,000 members and affiliates who are audiologists; speech-language pathologists; speech, language, and hearing scientists; audiology and speech-language pathology support personnel; and students. Audiologists specialize in preventing and assessing hearing and balance disorders as well as providing audiologic treatment, including hearing aids. Speech-language pathologists identify, assess, and treat speech and language problems, including swallowing disorders.

CASE STUDY
Institute of Electrical and Electronics Engineers (IEEE): The Power of the Pilot

"Walking in to a meeting in and saying, 'We want a large budget to build a huge product that will last forever' is perceived as too risky for many associations. We've discovered we have much more success starting with, 'We'd like to launch a pilot.'"

Karen Hawkins, Senior Director of Product Design

Working in an association the size of IEEE (430,000 members, $412 million budget, and well over 1,000 staff) has its advantages, namely significant resources, but it can at times be difficult to marshal and deploy those resources at the speed required by today's evolving markets and emerging competitors, particularly for-profit competitors.

In response to these changes in its operating environment, IEEE decided to speed up its product development process. "About three years ago, we separated product development from product management, to allow our teams to focus their resources more effectively, and started experimenting with lean principles," said Senior Director of Product Design Karen Hawkins.

That's been particularly effective with IEEE's Blended Learning project. "Technical education of engineers in India is a major focus of our industry right now," said Hawkins. So IEEE's product ideation team, made up of staff and volunteers, gathered as much information as possible about this topic, using both primary and secondary research and quantitative and qualitative means, which they brought to an in-person meeting. "We had literally hundreds of post-its with data points that we stuck to the wall. We went through rounds of clustering them until the groupings made sense. Once we did that, we spotted a 'blue ocean' gap: Indian companies want to hire engineers with certain skills at certain levels, and Indian colleges, particularly in the second and third tiers, weren't graduating engineers with those skills," described Hawkins. This represented a clear opportunity for IEEE to fill the gap.

The IEEE team visited India multiple times to meet with and learn from potential customers on both sides: the engineers who would receive training and the companies that needed to hire well-trained engineers. While in India, they conducted a smoke test of a Minimum Viable Product. "It wasn't even a prototype. It was just a crude product definition. What we quickly learned was that there was an immediate need for this type of training, and it was going to take us far too long to build something from scratch. So we pivoted to looking for partners," Hawkins said.

As soon as IEEE found a suitable partner, it ran a limited test. "We conducted a targeted soft launch of courses on only two topics at sites in or near Bangalore, recruiting students and faculty to take the courses and tests and offer their feedback," said Hawkins. At the same time, IEEE began reviewing content internally and working with a Learning Management System vendor to put together a virtual platform. According to Hawkins, "After our successful proof of concept in a targeted area and with limited topics, we conducted our official launch in January 2015, and by March we were one-third of the way to our sales goal for the year. Of course, our ultimate measure of success is: Does the training improve students' employment outcomes by helping them acquire the skills companies need? We've received anecdotal feedback from employers that these skills are beneficial, but only time will tell if the training makes enough of a difference to influence hiring decisions."

CASE STUDY
Institute of Electrical and Electronics Engineers (IEEE):
The Power of the Pilot

When asked about lessons learned, Hawkins identified both cultural change and process change. "Because IEEE is operating in a matrix environment, it can be hard for more traditionally structured teams to understand what we're trying to accomplish and the change management process we use to get there. We've had to modify some of our marketing processes to be more adaptable and responsive. And, as always, we have to beware of falling in love with our own ideas. But the great thing about lean startup methodology is that setting goals and measuring against them are baked in, which removes the personal element from those sorts of decisions."

Hawkins also offered the following advice to other associations considering the lean startup path: "Don't be afraid to acquire expertise, whether that's hiring dedicated staff, finding a partner to work with, or selecting a consultant. That allows you to move quickly and persuade your colleagues of the value of this model by demonstrated success."

About IEEE

IEEE is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity. IEEE and its members inspire a global community through IEEE's highly cited publications, conferences, technology standards, and professional and educational activities.
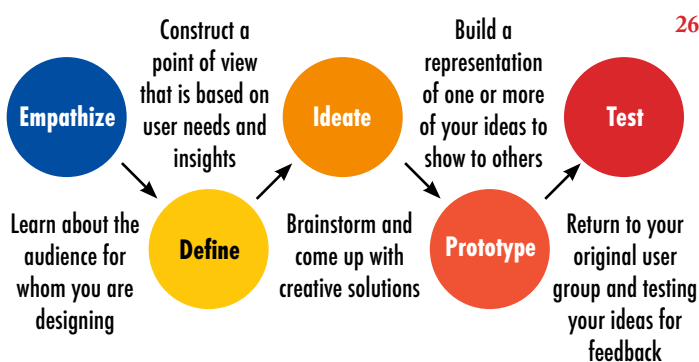
CASE STUDY
NAFSA: Association of International Educators: Combining Design Thinking and Lean Startup

> ❝ *'That's a good idea' is not the same as 'I'll pay you for that idea.'* ❞
>
> *Carol Hamilton, Senior Director, Program & Service Development*

NAFSA's journey to lean started with human-centered design thinking, a specific decision-making methodology that guides participants to solutions through a focus on goals rather than problems. It is often identified with IDEO, one of the most prominent firms that practices this method:

> Human-centered design is all about building a deep empathy with the people you're designing for; generating tons of ideas; building a bunch of prototypes; sharing what you've made with the people you're designing for; and eventually putting your innovative new solution out in the world.[25]

Empathize — Learn about the audience for whom you are designing

Define — Construct a point of view that is based on user needs and insights

Ideate — Brainstorm and come up with creative solutions

Prototype — Build a representation of one or more of your ideas to show to others

Test — Return to your original user group and testing your ideas for feedback [26]

According to Carol Hamilton, Senior Director, Program & Service Development, human-centered design thinking intersects with lean startup methodology "around a shift towards the small bet." As an association of "people person" members focused on educating young people, developing deep empathy and soliciting feedback were a natural cultural fit. "What lean startup contributed was a focus on developing a Minimum Viable Product to allow us to test our assumptions before we got so far down the development path we got stuck with something that wouldn't work," said Hamilton.

That's been particularly valuable as NAFSA works on a core competencies project. Many professional associations offer core competencies documents for their members. "We had developed core competencies and were in the process of publishing them when we realized we hadn't answered the 'So what?' question," said Hamilton. "We didn't just want to release an interesting document that had no practical application. How could our members best use these to improve as professional educators and advocates for students?"

NAFSA staff met to "generate a ton of ideas," as IDEO recommends, and then refined those ideas into some "key concepts." They then hired an illustrator to create comic-book style storyboards of those "key concepts" as their MVP prototype to share with members. Each storyboard included a concept (one of a variety of learning topics or a method for delivering that learning), an illustration, a brief description of the potential value proposition, the problem to be solved by that concept, the anticipated audience, and other key elements. Hamilton and a consultant then did a "walk and talk" through storyboards with individual members at NAFSA's Annual Meeting, asking very specific, detailed questions as they went.

Hamilton explained, "One of the issues we knew we'd run into is that our members tend to be unwilling to criticize or say 'That's a bad idea,' so we knew we'd have to create some forced choices, making participants rank the concepts and get specific about whether they would pay for each item and what they would be willing to pay."

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25. http://www.designkit.org/human-centered-design
26. http://therightbraininitiative.org/2013/05/ideate-collaborate-design-thinking-is-so-very-right-brain-2/

In its first stage, NAFSA is creating a self-assessment for members to measure where they are currently to assist with their own career planning. The next stage will be to match members with "bite-sized" learning modules to address gaps. Those modules might come from NAFSA's existing professional development offerings, or NAFSA might create new material or partner with other organizations around content.

One of the key pivots that resulted from member MVP testing was around creating an online component for executive training. "Creating an online community to support interaction between in-person meetings always sounds like a good idea, and our volunteer leaders were supportive because a hypothetical member might want to use it, but our MVP testing showed us that our real, actual members viewed it as a 'nice to have' not an 'I need this!' We simplified our initial solution based on their feedback, which will save both money and time. And we can always add that later if demand develops," Hamilton said.

Hamilton definitely recommends combining human-centered design thinking with lean startup methodology: "Design thinking helps you identify interesting problems and come up with lots of creative potential solutions, which in turn gives you good ideas for MVPs."

Hamilton advised associations to involve as many stakeholders as possible throughout the entire process. "Make sure you're creating opportunities for informal feedback as you go, and think about how to direct that feedback in constructive ways," she said. "Ask 'What would you change?' and 'May I test this concept on you?' rather than 'Am I allowed to do this?' That keeps people in the loop and allows them to share their input on key concepts." Most of all, Hamilton said, "This process is fun. It encourages widespread participation, which generates excitement. It also holds the promise of speed to market. Associations have to be willing to challenge our traditional barriers, including slow decision making, failing to allocate sufficient resources, and spreading ourselves too thin. If we can be decisive, dedicate staff and volunteer efforts, and prioritize a few key initiatives, we can realize quick returns on our investments of time and money."

About NAFSA

NAFSA: Association of International Educators is the world's largest nonprofit association dedicated to international education and exchange. NAFSA's more than 10,000 members, representing more than 3,500 institutions in over 150 countries, are administrators, advisors, instructors, students, advocates, and volunteers who are committed to the growth of international education.

CASE STUDY
National Council of Architectural Registration Boards (NCARB): Learning With Lean

"There's no bigger waste than investing resources working on the wrong thing."

Guillermo Ortiz de Zarate, Director, Information Systems

NCARB has been on a continuous journey toward lean over the last seven years, starting with "cutting the fat" from processes in 2007 and moving through agile development on its way to adopting lean startup methodology. "Agile is a great first step, because it lets you iterate and adapt quickly, but it doesn't prevent you from working on the wrong thing, in which case all your effort is wasted," said Guillermo Ortiz de Zarate, Director, Information Systems.

The key, for Ortiz de Zarate, was "stumbling on" lean startup methodology in 2013. After reading *The Lean Startup* by Eric Ries (one of this whitepaper's key sources), he shared the book with his entire team and started looking for training events. The reason it was so appealing was, as Ortiz de Zarate described, "it validated something I had intuited about the need to start getting feedback about potential new programs, products, and services as quickly as possible with a formal, researched methodology."

"One of the best things about information systems is that it can be a source of continuous improvement for organizations. But the danger lies in our tendency to get excited about a cool new idea or technology, implement it, and then ask if anyone wants it or will use it," said Ortiz de Zarate.

That's exactly what happened a few years ago, with a request to build a new feature for NCARB's online experience reporting system. As Ortiz de Zarate said, "We spent six months working with a user interface consultant constructing a complex UI (user interface). We used agile development, so we were moving fast and showing lots of progress. We invested a lot of staff time and consulting money and now, three years after deployment, less than two percent of our customers use it. If we'd been using

lean startup methodology at the time, we could've created a Minimum Viable Product to validate that the feature was a real need, that customers were open to using it, and that we were proposing the right solution."

Contrast that with another recent project, a request to add a real-time contact feature to the NCARB website. Using lean startup methodology, Ortiz de Zarate's team was able to perform a "Wizard of Oz" test, in which what looks automated on the front end is actually still done by hand on the back end. "We split tested adding a clickable button to the site that, on the back end, just emails a staff person to call the member requesting contact. We were able to validate that members actually wanted and would use that feature before investing the resources to really build it," shared Ortiz de Zarate. "Lean allows us to make decisions about how we're going to invest our limited resources more objectively and effectively. Lean reminds us to validate need first, then work on making a slick, pretty product."

"In associations, we tend to worry that releasing a half-baked program will negatively impact the brand. I would argue that doing the same thing year after year without changing also negatively impacts your brand," said Ortiz de Zarate. "But it is important to identify the members who are comfortable being early adopters. They're the ones who are open to products that are still in beta, that don't work perfectly yet. We have this big fear around promising something we don't deliver. But if only a small number of those early adopters sign up for something, it's OK to tell them you have to cancel the project for lack of interest and even to refund money they may have put down. If a large number of people sign up for your MVP, that's a strong signal that throwing resources at creating it will be a good investment."

NCARB continues to expand its use of lean startup methodology on an ongoing basis. At a recent senior staff retreat, NCARB's CEO Michael Armstrong identified four ideas for new products and services that he thought were worth pursuing. Armstrong is committed to the lean startup approach, which means NCARB will start with Business Canvases, MVPs, and good metrics and will look for learning opportunities and chances to pivot in the coming year.

If you want to get started, "start small," Ortiz de Zarate advised. "Think about your current circle of influence, and pick one small test where you don't have to go through a multistep approval process and convince your senior leadership team to try something that's new to them. Demonstrate success in something small that's completely under your control, which makes it much easier to convince people to try it again on something larger or more complex."

About NCARB

The National Council of Architectural Registration Boards is a nonprofit corporation comprising the legally constituted architectural registration boards of the 50 states, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands as its members. NCARB's mission is to work together as a council of member boards to safeguard the health, safety, and welfare of the public, and to assist member boards in carrying out their duties. NCARB develops and recommends standards to be required of applicants for architectural registration; develops and recommends standards regulating the practice of architecture; provides a certification process and architect registration requirements to member boards; and represents the interests of member boards before public and private agencies.

Conclusion: Getting Started With Lean

After learning about the lean startup method and seeing how some associations are using it, our hope is that you're inspired to try it in your own association. Where should you begin?

First, educate yourself about the lean startup method. This whitepaper is a good introduction, but we strongly encourage you to check out the many resources we share in the Resources section on page 26, particularly Eric Ries's *The Lean Startup,* Nathan Furr and Jeff Dyer's *The Innovator's Method,* and Alistair Croll and Ben Yoskovitz's *Lean Analytics.* You can also get formal training in lean startup methodology from a variety of sources:

- The Lean Startup Machine:
  https://www.leanstartupmachine.com
- LaunchPad: *https://www.launchpadcentral.com/*
- Excella Consulting: *http://www.excella.com*
- LitheSpeed Consulting: *http://lithespeed.com*

You can also learn about the methodology though finding lean startup groups in your area via *MeetUp.com*. These meetings, where people with similar interests can get together to share their experiences and learn from each other, are usually free.

Once you're ready to get going, pick a small project that is entirely under your control. Association decision making processes can be complex and convoluted. When you're trying to experiment with a new way of doing things, it's much easier to do so if you don't have to convince four other layers of stakeholders to approve it. Nothing persuades as well as success, and if you're able to demonstrate the success of the lean startup method quickly in your own areas of responsibility, authority, and influence, you will have an easier time convincing your colleagues, senior leadership, and volunteer leaders to try it with larger initiatives.

Next, you need to launch the Build–Measure–Learn cycle, which is the engine of the entire process. It involves the creative process of ideation around an audience, a problem, and a solution; building your MVP; and identifying and developing the appropriate metrics to allow you to test your hypotheses.

It's also important to identify the appropriate audience for your MVP. This is actually a sub-segment of your target audience. Although you're seeking to find a problem worth solving and the appropriate solution for a particular group, not every member of that group will appreciate being invited into a beta test of a product that may be incomplete, buggy, temporary, or otherwise not quite up to your association's usual standards. But some of them will love the opportunity to get early access to something that's still in development and to be able to offer their own thoughts and opinions on how it works (or doesn't) and what's missing— in other words, to co-create the program with you. You need to know who from your target audience falls into which category. A smoke test is a great way to find those people. Remember that, in a smoke test, all you create is some marketing materials with a call to action to get more information about something you haven't even built yet. The people who answer that call are excellent prospects to co-develop the new product with you, to serve on an advisory group, or to act as beta testers.

Relatedly, one of the keys to success in the Build–Measure–Learn cycle is continuous learning about your audiences. You should be doing this anyway, for a whole host of reasons, but continuous learning about your audiences will speed the cycle of identifying worthy and significant problems, figuring out the appropriate target audiences, crafting MVP solutions, knowing how to test your assumptions in ways that will facilitate genuine learning, and pivoting creatively and at the appropriate time. Developing authentic, deep, ongoing relationships with your members and other stakeholders will increase the flow of feedback you get and your ability to hear what people are and aren't saying, so that you can use that knowledge to improve the offering, delivering a new version in the shortest possible time.

You also need to get creative about building your MVP. Remember that the goal is to invest the least amount of resources necessary to begin testing your assumptions. Wizard of Oz tests can be a great way to do this. Wizard of Oz or Concierge tests involve creating a process that looks slick and automated on the front end but is still done by hand on the back end. Guillermo recounted how NCARB conducted a Wizard of Oz test on a new feature on its website in the accompanying case study. In 1998, a year into her first association job as director of member services and technology for a scholarly society, Elizabeth conducted a Wizard of Oz test for online joining and renewal, allowing members to fill out an online form that was then processed by hand by her team, to see if it would be worthwhile investing in the technology to have a genuine online join and renewal process. It was, and by the early 2000s the association was earning $1.5 million per year in online business, one-third of its total annual revenue at the time.

You will also need to remove barriers to action. Furr and Dyer identify this as one of the key lean startup leadership skills in *The Innovator's Method.* Lean startup leaders need to give people the time and tools to experiment and remove organizational barriers. As they describe it: "For employees at companies that have ossified around execution, experimenting feels risky, unnatural, even against the (unwritten) rules."[27] Does that sound like any associations you know? One of the biggest barriers in associations is our unfortunate tendency to say "no" first. We'd encourage you to challenge new initiatives by instead saying, "Build, measure, learn, and show me your metrics!"

Speaking of metrics, you must invest sufficient time to understand what you need to measure. Think about what metrics will allow you to be clear about the assumptions you're testing, test one assumption at a time, and learn from what results. Unfortunately, there is no magic "measure this" formula. In the Measure Second section and the accompanying association case studies, we've shared a variety of approaches to The One Metric That Matters. Eric Ries offers three additional metric tips. Good metrics are:

- **Actionable:** that is, they demonstrate cause and effect so you can take action based on what you learn.
- **Accessible:** that is, you share data in formats that people can understand, remember, and use.
- **Auditable:** that is, you can prove that your data is reliable.[28]

The critical point is that you must measure, measure, measure and allow what you learn to direct you to what to work on next.

Rather than viewing programs, products, and services as static offerings, associations would do well to see themselves as constantly evolving, building, measuring, and learning every day, as we seek to develop Minimum Awesome Products that address the key outcomes our members and other stakeholders wish to achieve. Lean startup methodology is one way to help achieve that.

27. Furr and Dyer, *The Innovator's Method,* pg. 61
28. Ries, *The Lean Startup,* pp. 143-147

Questions for Reflection

- Has your association experimented with lean six-sigma process improvement or agile development? How did that go? What have you learned from those experiences?

- How did you do on the "transient advantage" test on page 4? Is your association at risk of disruption?

- What aspects of lean startup methodology are most appealing to you?

- What are some metrics that might matter in your association?

- Are you currently tracking vanity metrics for any of your programs, products, or services? Can you think of more meaningful metrics you could replace them with?

- Have you ever pivoted on an audience, a problem, or a solution? What happened as a result?

- What are some of the unique advantages your association or team might employ in using lean startup methodology?

- Where do you think your association or team might experience problems using lean startup? What could you do to remove those barriers?

- Who are the eager beta testers, advisory group members, collaborators, or co-creators among your members? If you don't know, how could you locate them?

- Have you ever built a new program, product, or service that disappointed your expectations? After learning about lean startup methodology, have you gained some insight into what might have gone wrong?

- Does anyone ever ask "Where's the evidence that this is a problem worth solving?" when your association is planning to launch a new initiative?

- Does your organization regularly create business plans for new initiatives? What would happen if you replaced those with the Business Canvas?

- What methods do you currently use to discover and understand your members' or customers' pain points? How are you getting beyond your current services and finding new opportunities for serving your audiences?

- Is your team able to let go of an idea if your assumptions are proven wrong? If you struggle with that, what would make it easier?

- What's one project that's entirely under your control where you might be able to start experimenting with lean startup methodology?

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About Guillermo Ortiz de Zarate

Born and raised in Buenos Aires, Argentina, Guillermo Ortiz de Zarate is the Director of Information Systems for the National Council of Architectural Registration Boards (NCARB).

While the IT manager for a regional office in Argentina, Guillermo was promoted and relocated to the Washington, DC, headquarters of a multinational organization in 1999. Guillermo joined NCARB in 2007, where he helped transform the Council from a paper-oriented bureaucracy to an award-winning industry leader.

He was included in the InformationWeek 500 list of best technology innovators for the years 2011, 2012, and 2013 and was awarded the NCARB Presidential Medal for distinguished service in 2012.

With 25 years of experience in the Information Technology field, Guillermo went from programmer, to project manager, to IT manager, to director in a short time and has led the implementation of technology solutions in a multitude of industries, including healthcare, urban development, civil engineering, international commerce, government, marketing, banking, and regulation.

At NCARB, Guillermo has been an advocate of data driven decision-making, developing a comprehensive data warehouse and a data-science practice that helps publish industry trends annually through the acclaimed *NCARB By The Numbers* publication.

Guillermo holds a bachelor of science degree in information technology and is a 2016 MBA candidate at Johns Hopkins Carey School of Business.

About Elizabeth Weaver Engel

Elizabeth Weaver Engel, M.A., CAE, CEO and chief strategist at Spark Consulting LLC, has more than 18 years of experience in association management. Although her primary focus has been in membership, marketing, and communications, her work has been wide-ranging, including corporate sponsorship and fundraising, technology planning and implementation, social media and internet strategy, budgeting, volunteer management, publications, and governance.

Spark provides strategic membership and marketing advice and assistance to associations that have the willingness and capacity at both the staff and board levels to ask themselves tough questions and take some risks in service of reaching for big goals. Forget settling for incremental growth by making minor changes to what you're doing—we're going to uncover and solve the root problems that are holding your association back!

Elizabeth combines a focus on asking the right questions and finding and implementing creative solutions with a broad understanding of the association sphere. Throughout her career, she has excelled at increasing membership, revenue, public presence, and member satisfaction while decreasing costs through a focus on the efficient and effective use of data, staff, and technology to serve organizational goals and constituents.

Prior to launching Spark, Elizabeth consulted in online campaigns and marketing and internet and social media strategy for Beaconfire Consulting and in a wide range of subject areas in association management in the not-for-profit consulting practice at RSM McGladrey, Inc. She has also served associations directly in a variety of positions, including director of member services and IT, director of marketing and sponsorship, vice president of marketing, and acting CEO.

Elizabeth is a certified association executive (CAE) and holds a master's degree in government and foreign affairs from the University of Virginia.