

# FORUM



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# Big Projects, Tiny Budgets

By **Courtney Walsh**

Have you ever found yourself leading a project only to learn you need to step out of the box to gain insight on the topic? Recently, our board at the American Board of Oral and Maxillofacial Surgery (ABOMS) charged its staff with initiating and executing a social media strategic plan. Our budget for the project was small, but the importance of carrying out the plan was significant. We were faced with a challenging situation, but knew that to succeed creativity needed to be our friend.

## Research, Research, Research

Every good project leader knows the more information the better. Luckily, we live in a decade where information is a click away. The internet can send you down a rabbit hole or, with the right amount of research, can inspire you to take the next step. Learning from other companies' social media successes and failures are some of the best tools to get started.

Association Forum members have this ability at their fingertips. The MyForum profile allows you to reach out to industry professionals by sending one message. For ABOMS, communication experts were reaching out with helpful tips and standard guidelines. Some members even went as far as to give us a call.

In our case, Public Communications Inc. (PCI) and the marketing and communications director at the Dental Assisting National Board, Inc. were two valuable resources. They helped to narrow our focus and validate the best place to start.

## Conduct an Audit

Know where you currently stand.

If your company has social media platforms, evaluate them. Learn how your platforms are reaching its users. A few good questions to ask are: Which posts best reached our readers? How and why are our members using social media channels? Are we utilizing our social media platforms to their fullest capabilities? This is also a good time to remind yourself of the difference between each social media channel and if you are achieving your goal through those outlets.

The ABOMS social media strategic plan includes Facebook, Twitter and LinkedIn. During our audit, we reviewed the strengths of each platform. We found that Facebook is generally used for entertainment and information purposes. It is a great way to communicate news to several parties of interest due to its high reader traffic. Twitter is well-known for its retweeting feature. It is encouraged for an organization to retweet; however, should be done with caution by establishing guidelines for social media staff to use. LinkedIn is an established professional network. It is the perfect avenue for sharing professional content and industry advice. The Hootsuite blog/social section was a great resource for us to continue learning about the audit process and confirm we were heading in the right direction.

## Business Goals and Objectives

In some cases, this may be the most challenging step. Focusing on one goal and narrowing down to just a few objectives can be tricky. Hanna Aronovich, director at the Dental Assisting National Board, Inc. gave me expert advice in this area. She warned,

"...there is a tendency to want to be all things to all people." Her guidance led us through this step.

Be specific. Who is your audience and what do they want to hear? Why are they looking at your organization? Are they looking for entertainment, information or guidance?

Our investigation determined that our readers seek mostly information with a bit of entertainment and guidance along the way. Understanding our audience to help initiate our social media mission was a key part to transitioning into our content and timeline.


## Content and Timeline

A communications content plan is your next step. Take some time to collect all the content your readers want to hear. You may be pleasantly surprised what you find.

A few good places to begin are frequently asked questions from your members, policies and procedures that directly affect those involved and current processes that are new and relevant. It's also helpful to label the article with the written goal, i.e., entertainment, informational or time sensitive. This piece will help diversify the content you create and keep your users interested. Fun attention grabbers are a great way to interact with your members. In our case, recognizing National Doctors Day or a monthly Twitter Q&A section called the Morning Grind are tools we plan to use to connect with our followers.

Discuss with your team how often you want content published on each social media platform. This will vary depending on the organization. Develop your timeline keeping in mind when and how your users are using each platform. Review your topics for each channel and find the best time to release each subject. Once your timeline is solidified, preparing written content is essential for a smooth program launch.

## Review, Evaluate & Repeat

Reviewing and evaluating each social media channel and its effectiveness is necessary. Set measurable goals to review on a consistent basis. A good program always needs to be tweaked to become great. 

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**Courtney Walsh** is the director, certification services and communications at the American Board of Oral and Maxillofacial Surgery. She can be reached at [cwalsh@aboms.org](mailto:cwalsh@aboms.org).



# The Digitization of Healthcare: Big Data

CyberMed Summit | March 26-28, 2018 | Phoenix, Arizona

On March 26-28, 2018, Association Forum and Visit Phoenix collaborated to bring a team of healthcare and medical association executives to Phoenix for a CyberMed Summit. The CyberMed Summit is an outcome of the Association Forum Healthcare Collaborative, a program designed to engage an interdisciplinary community of healthcare associations and stakeholders in conversations that lead to action on common issues to address collectively, rather than individually.



A major discussion topic at the January 25, 2018, Healthcare Collaborative was Big Data. Association Forum and Visit Phoenix teamed up to explore the topic in more detail with the goal of producing relevant resources to help the healthcare association community ask the right questions as it approaches the Big Data Tsunami.

Drawing on the local resources in the Phoenix community, such as the University of Arizona's expansion of its footprint into a 30-acre Phoenix Biomedical Campus, located within walking distance to the convention center and thought leaders from academia and entrepreneurial healthcare incubators who served as speakers and panelists, the CyberMed Summit focused on the digitalization of healthcare, with an emphasis on Big Data.

## Overview

Data, data, data! Now there is Big Data. What does all this mean? How do you process, manage, understand, yet try to explain? Data has become pervasive. We collect it, store it and try to turn it into business intelligence, which leads to organizations and individuals being overwhelmed with data analysis, paralysis and unable to engage in measured decision making.

Healthcare and medical associations are thinking more strategically about data and the role it should play internally and externally. So, what is Big Data?

## What is Big Data?

Big Data, defined as data sets that are so voluminous and complex that traditional data processing and application software are inadequate to deal with them, is one of the largest disruptive forces across all industries today. Projections are that Big Data is going to become an even more powerful disruptor in the future. It has been said that data is the new oil

and that the value is in refining data into information.

Most organizations have heard about Big Data, but the reality is very few are prepared to access, store, manipulate, analyze and report information derived from Big Data. The key reason is that Big Data is too big, too complex, too different, growing too fast and widely inaccurate.

In 2012, IBM defined four "V"s of Big Data. Volume, Variety, Velocity and Veracity.

- **Volume:** describes the sheer amount of data produced every second across all online channels.
- **Variety:** refers to different types of data that exists or is being collected. Most of the data being generated today is not easily categorized into tables or labels.
- **Velocity:** describes the speed at which new data is being generated, collected and analyzed at any given time.
- **Veracity:** defined as the accuracy and validity of the data versus the amount of biases, noise and abnormality it contains.

Big Data in healthcare is a growing challenge for many organizations. The volume of data is growing at an astronomical rate and projections indicate that data in healthcare will exceed 2,300 Exabytes by 2020. For reference, one Exabyte is equivalent to 1,000,000 Terabytes.

The volume of data being collected, evaluated, shared and communicated today within the healthcare system itself is impacting physicians' ability to focus on clinical care. And it will only continue to grow.

The two primary types of data in healthcare are Administrative Data and Clinical Data. The growth of Administrative Data (billing, claims, and provider information) is fueled by regulatory compliance and

EHR implementation.

Clinical data (diagnoses, findings, labs, procedures, encounters, appointments) is being driven by new technology, IoT (Internet of Things), and regulatory compliance. The result is that practicing physicians are overwhelmed.

In addition to this tsunami of data within the current healthcare system, massive disruptions from outside the traditional healthcare environment threaten to add another layer of complexity as IT companies and consumers connect directly to create user (patient) generated data through pervasive self-monitoring and sensing.

### CyberMed Summit Data Model

The CyberMed Summit attendees identified four pillars to start the development of a framework to understand Big Data for healthcare associations.

Key elements:

- Data Governance
- Data Quality
- Data Strategy
- Organizational Resources

### Getting Started by Asking the Right Questions

If you are ready to introduce the Big Data conversation to your association, how do you get started? How can you engage others in your organization to explore the value and importance of addressing this overwhelming topic? The first step is to ask questions.

**Let's get started . . . .**

#### Data Governance

*Defined: Overall management of the availability, usability, integrity and security of data.*

##### 10 Key Questions to Ask:

1. How do we define our data?
2. How do we view data in our organization? Risk, Asset or Value?
3. Who owns the data governance process?
4. How is the data governed?
5. What policies and procedures are in place to manage the data process?
6. What industries or regulating standards should be supported?
7. Who is allowed access to our data?



8. Do we have consistent data definitions across the organization?
9. What is our business continuity strategy?
10. How are we held accountable to the board for a data governance process?

#### Data Quality

*Defined: The data fitness for use for an intended purpose.*

##### 10 Key Questions to Ask:

1. How do we maintain the quality of our data?
2. How are we currently using our data?
3. What is the current condition of our data?
4. How accurate do we want the data to be?
5. How do we address improving our data?
6. What are our current and future business goals for the data?
7. How often is our data updated?
8. How do we measure the quality of our data?
9. How is our data categorized or organized to deliver value and knowledge?
10. How do we hold staff accountable for data quality management?

#### Data Strategy

*Defined: The view and use of data to create value engagement and organizational growth.*

##### 10 Key Questions to Ask:

1. How is data viewed in our organization?
2. How is data used to support our strategic direction?
3. How are we using data to anticipate needs?
4. How can we scale our data?
5. What type of data do we need to leverage?
6. What data do we need to solve problems or achieve goals?

7. How do we commercialize our data?
8. Where is the data located?
9. What type of data do we own?
10. How important is the data to us?

#### Data Operating Model


*Defined: Functions in the organization required if data is considered an asset.*

#### Five Key Questions to Ask:

1. What human resources are needed to support our data model?
2. What are the technology requirements to support our needs?
3. What operational and cultural changes are necessary to maximize the data's value?
4. What systems do we need in place to collect and analyze the data?

5. What vendors should help us refine our thinking?

#### Association Forum Healthcare Collaborative

The Association Forum Healthcare Collaborative is an interdisciplinary community of healthcare associations and stakeholders convened to deliberate and identify pressing and common issues impacting the healthcare sector. Save the date for the next Healthcare Collaborative on July 24, 2018 in Chicago. For more information on the Association Forum Healthcare Collaborative email [executiveoffice@associationforum.org](mailto:executiveoffice@associationforum.org). 

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# Shifting Liability: Indemnification Clauses

This Law Review was written by Timothy A. French and edited by Jed Mandel, both of whom are founding members of Chicago Law Partners, LLC. CLP serves as the Association Forum's general counsel.



## Q: What do I need to know about indemnification clauses in contracts?

**A:** An indemnification provision typically provides that one contracting party (i.e., the “indemnifying party”) agrees to cover (i.e., “indemnify” or “hold harmless”) the other contracting party (the “indemnified party”) for any damages that may result from the indemnifying party's failure to perform, or from any other negligent or wrongful act the indemnifying party may commit, in fulfilling the contract. The net effect of an indemnification provision is to shift potential liabilities—usually potential liabilities to third-parties—directly to the indemnifying party. Such shifting of liability avoids the circumstance in which one contracting party otherwise would have to incur its own liability to the third-party first and then seek recovery from the other party to the contract.

The typical benefit of an indemnification clause is to protect the indemnified party against third-party lawsuits. For example, an indemnification clause in a contract between a building owner and a general contractor engaged to supervise a renovation project can be used to shift liability such that the building owner bears no responsibility for any damages resulting from an injury to a subcontractor. Similarly, if a contracting party pays to license certain intellectual property (e.g., computer software) from a licensor, and is subsequently sued by a third-party for copyright infringement, an indemnification clause can shift that potential liability back to the licensor.

Indemnification clauses also can cover direct claims between

contracting parties, especially with respect to the breach of a representation and warranty by one contracting party to the other. That type of indemnification can be particularly important in contracts involving the purchase of a business or other significant assets. If those assets turn out to be defective or other than as represented by the seller, indemnification against damages resulting from the breach of a representation and warranty can help to ensure that the full benefit of the bargain is received.

A good indemnification provision should not only include a duty to “indemnify and hold harmless,” but also a duty to “defend” the indemnified party against subject claims. The duty to defend is important because it typically covers the payment of defense costs for all lawsuits filed by a third-party alleging negligence or other misconduct by the indemnifying party, whether they have merit or not, whereas the duty to indemnify typically covers only the payment of valid claims. Moreover, if a “duty to defend” is not expressly included in an indemnification clause, the “duty to indemnify and hold harmless” generally does not cover defense costs, and the indemnified party must assume that obligation on its own.

Indemnification is sometimes, but not always, unilateral. In fact, when the parties to a contract each agree to perform services that have the potential to result in liability to a third party (e.g., co-sponsors of an educational conference), the most equitable approach is to provide for “mutual indemnification” between the parties. Under those circumstances, the agreement typically includes two in-

demnification clauses that mirror one another such that each party agrees to indemnify (and usually defend) the other on comparable terms. Ideally, such provisions should be drafted so that each party assumes responsibility for, and agrees to protect the other against any liability arising from, its own actions, but not the actions of the other party.


While indemnification provisions can be useful, they may not always be worth the trouble. For example, if a contracting party will agree to an indemnification clause only if the agreement includes a related provision that caps the party's overall liability at a specific dollar amount, indemnification may not be beneficial. It is important to understand that contracting parties can still recover from one another based on the negligent party's action even without an indemnification provision. The principal difference is that, without an indemnification clause, the parties will not have agreed, by contract, to shift responsibility from one to the other. Nevertheless, the party incurring liability on the basis of the other party's negligence (or breach of a warranty or representation) can still sue the other party for damages.

In light of the foregoing, there are a number of issues to consider in assessing the appropriateness of indemnification provisions. Specifically:

- Understand the scope of the indemnity clause at issue. Does it cover “all claims” arising from the indemnifying party's performance or only “all reasonable claims?” Does it cover claims resulting from “all acts” by the indemnifying party or only

the “negligent,” “grossly negligent” or “willful” acts of the indemnifying party? Bargaining for a narrow or broad indemnification provision, depending on whether you are giving or receiving indemnification, can be a key contractual issue.

- Understand whether breaches of contractual representations and warranties are included within the scope of an indemnification clause. That, too, is a key issue in assessing the breadth and value of an indemnification provision.
- Determine whether a duty to defend is included within the scope of the indemnifying party's obligations since, without coverage of litigation defense costs, an indemnification provision is far less valuable.
- Note whether there is a monetary cap on the indemnifying party's obligations under an indemnity clause, as that will have obvious implications on the relative value of that clause in the context of a particular contract.

As always, it generally is prudent to consult with a lawyer before entering into a contract that contains an indemnification provision, since the wording and implications of those provisions can be complex. 

*The answers provided here should not be construed as legal advice or a legal opinion. Consult a lawyer concerning your specific situation or legal questions.*



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## [www.associationforum.org/40under40](http://www.associationforum.org/40under40)

# An Optimistic Look at the Future of AI

By Dan Shea

Are you concerned about robots taking your job? According to futurist Byron Reese, you shouldn't be. Artificial intelligence and machines may very well render your current position obsolete, but he sees that obsolescence as a positive, both for you and for humanity in general.



**Byron Reese**  
CEO  
Gigaom

Byron Reese is a futurist, speaker, author, podcast host and the CEO of Gigaom, an emerging technology research company. Reese has founded, led and sold a number of technology companies over his 25-year career and was the keynote speaker at the CEOOnly® Summit at Holiday Showcase 2017. His newest book, "The Fourth Age: Smart Robots, Conscious Computers and the Future of Humanity" (Simon & Schuster), is available now.

FORUM spoke with Reese about artificial intelligence, the possibility of a universal basic income and what affects these concepts will have on the future of the American workforce, a topic near and dear to any professional or trade association.

**FORUM: In your new book, "The Fourth Age," you make a clear distinction between the AI we currently have and the AI of the future. Can you walk us through the differences?**

**Byron Reese:** What we have today is something called Narrow AI. It's a program that can do just one thing. It can look for spam in your email, but it can't make coffee. It can route you through traffic, but it can't give you advice on what job to take. When you hear famous people in technology talk about, "AI may kill us all," they're talking about something called an Artificial General Intelligence, or AGI. AGI is an AI that is as smart and versatile as a human. It's like a MacGyver AI. It can do any task you throw at it. The fear is that if you ever built such a thing, it might be able to improve itself at the speed of light, whereas humans can only improve ourselves at the speed of life, which is dramatically slower.

Nobody has demonstrated that they know how to build an AGI. Keep in mind that we have a brain and that we don't understand how it works. We don't know how thoughts are encoded, for instance. You also have a mind, and that is a series of things that a brain can do that seem beyond what an organ should be able to do. Your brain as a sense of humor, but your liver probably doesn't. Then, we have consciousness—we experience the world. We feel warmth, as opposed to a computer that can just sense temperature. To build an AGI, you need the intelligence of the brain and you need the capability of the mind. An AGI would have to be creative, and creativity is one of those things that seems beyond an organ, but somehow we do it.

In a sense, we can't speculate too far ahead. If an AGI really is that much smarter than us, then by definition we can't figure out what it

would want any more than my cat can figure out why I don't like the dead mouse that it brings me. In its mind, that's a great present. It could never understand why I wouldn't want it. Likewise, we might not understand what AGI is or wants. That's part of the fear that some people have about it. It would be hard to speculate on how it might behave, because it would be an alien almost in every sense of the word. We don't know what goals it would have or what it would think of us. Given that we know so little about the brain and so little about the mind, and understand almost nothing about consciousness, I'm unconvinced that we can build such a thing. I'm not saying it's impossible, but how do we point at all that and say 'We don't understand those things, but we're sure going to build a mechanical one.'

**FORUM: What effects will artificial intelligence have on the workforce of the future?**

There's a whole lot of existing jobs that a machine, in theory, could do. We don't have machines to do them, but a machine could do it. A machine could be a window washer or a ditch digger or a janitor or any other number of things. We just haven't built machines to do those things. So, what we do instead is we put a human in those roles. There's a word for that—dehumanizing. Because if a job can be done by a machine, then making a human do it means you're not taking advantage of anything about that human that makes them human. So, I think the goal is to use technology—AI and robotics—to build devices that will do all the jobs that machines can do, meaning that people will be able to do jobs that only people can do. Those jobs are inherently not dehumanizing, because they require people to do them.

In addition, there are parts of the world where just surviving is a full-time job for people. If da Vinci or Marie Curie were born in one of those places, they never would have had an opportunity to meet their full potential. When we use tech-

nology to create more wealth and more opportunity for everyone and to do all the jobs that only machines can do, then we free up and empower people to do only things that humans can do.

**FORUM: Should we be concerned that continued automation of jobs will lead to higher unemployment?**

There was a study that was published a few years back out of Oxford that is widely misinterpreted as saying that 47 percent of all jobs are going to be automated. If you actually read the authors' joint statement about the limitations in it, they emphatically say that is not what they were saying. They are saying that 47 percent of things that people do within jobs can be automated. My father sold insurance for 30 years. I'm sure that over the course of his career, 47 percent of the stuff that he did at the beginning became automated by the end.

There's a really good study by the Organisation for Economic Co-operation and Development (OECD) that said for probably 9 percent of jobs, the entire job will vanish. I think the half-life of a job is probably about 50 years. Between 1900 and 1950 probably half of the jobs vanished, including a lot of agricultural jobs. Between 1950 and 2000, a lot of manufacturing jobs disappeared. We're used to that. It's a great phenomenon, actually, in that technology is really good at creating new higher-paying jobs and destroying the jobs that only machines can do. It may sound as if the people at the top get all the breaks and the people in the lower-skilled jobs are out of work, but historically it has not worked that way. What happens is that technology creates a new job, such as a geneticist. And it destroys jobs at the bottom, such as an order-taker at a fast food restaurant. The fast-food worker doesn't become a geneticist. Instead, a college biology professor becomes a geneticist, a high school biology professor gets the college job and then a substitute teacher gets hired on and all the way down. Every time technology creates a job at the top, everybody gets a promotion. The question

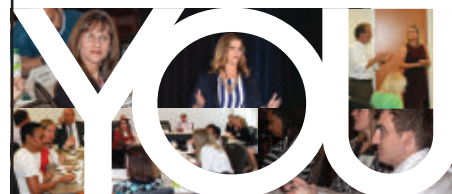
is whether everybody can do a job that's a little harder than the job that they do today and I think the answer is yes.

**FORUM: What role do you think professional development and adult education is going to have in the future of employment?**

In the early part of the industrial revolution in this country, there was a vigorous debate about post-literacy education. The argument was that once people in an agrarian society learn how to read, should they even go to school anymore? The argument was that the jobs of the future are going to require more education and so the United States became, to its credit, the first country on the face of the earth to guarantee that everybody could get a high school education. I think you can draw a direct line between that policy and economic ascendancy of the United States in the 20th century.

If I look back at when I went to high school in the eighties and said, "If I knew everything about the future, what could I have studied then that would help me now?," I can actually only come up with one course that would have been materially important to me and that's typing. Anything I've learned since I graduated from college, I taught myself. I think the number one skill of the future is being able to teach yourself new things, which we all do. You hear some new concept, then you go to Wikipedia and you start clicking on links and following it around. I don't know if we'll eventually add a 13th or 14th grade or we'll make it easier for adults to go back and get trained or just make education available online for people to teach themselves. I'm sure it's going to be mixture of everything. I do think it is a certainty in the future—and there are very few of those—that you're going to need to learn new things. The nature of the tools we use in everyday life are changing so rapidly that we have to re-learn how to use them. Holistically, that's a good thing, though it can be very unsettling to people in the middle of it.

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"Even if you just stop developing AI right now, there's probably 20 years' worth of stuff that we can do with the technology we have that we just haven't implemented. We just don't have the people to do it."

**FORUM: Will individual associations need to be looking at specific regulations in their industry around AI or will the regulations be more overarching?**

Some applications of AI are highly specific to industries, such as self-driving cars. Some things are very general. For example, in Europe you have a right to know why an AI made a decision about you—if it denies you credit or something like that, you have a right to know why. I think you're going to see both of those things happen. You're going to see legislation that addresses these big concepts at a national level, and then you're going to see lots and lots of regulation at the association level. The challenge with legislating around it, of course, is that the technology changes faster than policy can be written and adopted. I don't have an answer to that challenge.


**FORUM: In The Fourth Age, you discuss a Universal Basic Income. Do you think that is a concept we'll see come to fruition in our lifetime?**

There's a lot of debate about that question. To be clear, as a matter of opinion, I don't think we will adopt one, because I think our greatest challenge of the future is going to be a shortage of humans to perform jobs. I base that on the fact that even if you just stop developing AI right now, there's probably 20 years' worth of stuff that we can do with the technology we have that we just haven't implemented. We just don't have the people to do it. I think we are going to have a shortage of human workers. There's just going to be more work than people can do.

But for the sake of argument, let's say I'm wrong. Let's say that we have massive unemployment and social unrest and the situation is such that we do pass that kind of regulation. It almost happened in the Nixon administration. I look back to Maynard Keynes, who wrote an essay that said in 2030, a year we're coming up on, we're going to have quadrupled or an 8-fold increased income, and people will only have to work 15 hours a week. I'm sure everybody's asked themselves this question: "Why, with all this labor-saving stuff we have, do we still work as much as we do?" It turns out that if you were willing to live the way a person

lived in 1930—that is you grew a lot of your own food, you lived in 600 sq. ft., you had no medical insurance, you never went on a vacation, you didn't go to college, you had no air conditioning, you didn't eat out ever and all of the rest—you could probably get by on 15 hours a week.

What we have learned is that human desires are kind of unlimited. As the standard of living grew, we didn't bank all that time for leisure time. We decided to work and get more money to have more things. Now, we didn't do it to an extreme. Because of all the labor-saving devices at the home, people don't generally work that time. We developed something new called hobbies, which is largely what they do with the time they saved not having to beat the rug out with a broom or hand-wash their clothes down at the creek. We now watch movies and collect stamps and all of the rest. My guess is that no matter what you gave people, people would probably want more, and they would probably still work to get it.

Now, I know it doesn't mean that having a safety net is bad idea. FDR famously said that, "a necessitous man is not a free man." But if you're just one step away from homelessness and poverty, you're not free in any meaningful sense of the word. I don't say that I don't believe that should be a safety net, I just think that whatever we set it at, people's desires are going to be above it. 

**Dan Shea** is the content and publications manager for Association Forum. He can be reached at [shea@associationforum.org](mailto:shea@associationforum.org).

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# Changes to Lease Accounting: Is Your Nonprofit Prepared?



By **Melanie Barthel, CPA**



**S**ummer is nearly here! But before you slip into vacation mode, remember that changes to lease accounting are nearly here too. The Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases, which is effective for fiscal years beginning after December 15, 2018 for nonprofits (NFPs) that have issued or are conduit bond obligors and December 15, 2019 for all other NFPs.

## Background

Under current lease accounting guidance, a lessee can classify its leases as either of the following:

- Capital lease: recognized on the statement of financial position by recording a lease liability and asset equal to the present value of minimum lease payments over the lease term. The lease is amortized over the life of the lease.
- Operating lease: recognized on the statement of activities as a single lease cost on a straight-line basis.

The operating lease presentation was criticized by financial statement users for not providing a complete picture of an organization's obligations on the statement of financial position. As a result, several changes were made to the presentation and accounting of leases.

## Summary of Changes

All leases will be presented on the statement of financial position as a right-of-use asset and a lease liability. Leases will be classified as finance or operating leases.

## Lease Definition & Identification

Topic 842 defines a lease as:

"A contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration."

Control exists when the lessee "has both (1) the right to obtain substantially all the economic benefits from the use of the asset and (2) the right to

direct the use of the asset." Economic benefits can be obtained directly or indirectly by using, holding, or subleasing an asset. A lessee has the right to direct the use of the asset when it controls how and for what purpose the asset is used.

NFPs must review each of their contracts to determine whether the contracts meet the definition of a lease. Further, NFPs must bifurcate the contracts that meet the definition of a lease into lease and nonlease (e.g., maintenance costs or costs to reimburse the lessor) components. Only lease components are included when determining the value of the right-of-use asset and lease liability. This can be challenging when the values of individual services are not specifically stated in the contract.

## Lease Classification & Recognition

Once a lease is identified and its components bifurcated, the next step is determining how the lease is classified. A lease is classified as a finance lease if any of the following criteria are met:

1. Ownership of the asset is transferred to the lessee by the end of lease term.
2. The lessee is reasonably certain it will exercise the option to purchase the asset.
3. The lease term encompasses most of the remaining economic life of the asset.
4. The present value of the lease payments plus residual value equals or exceeds the asset's fair value.
5. The asset is specialized and is not expected to be useful to the lessor at the end of the lease

If none of the above criteria are met, the lease is classified as operating.

Regardless of classification, at lease inception, a right-of-use asset and lease liability is recognized on the statement of financial position. The lease liability is calculated as the discounted present value of future lease payments, using the rate implicit in the lease, when available, or the lessee's incremental borrowing rate. The right-of-use asset is valued as the lease liability plus lease payments made prior to lease inception plus initial direct costs to obtain the lease (e.g., commissions) minus lease incentives. The NFP should exclude donated rent from below-market leases when calculating the value of the asset. The difference between the consideration paid to the lessor and the donated rent is recorded as a contribution.

After initial valuation the right-of-use asset and lease liability are revalued to reflect lease payments, interest on the liability, and amortization of finance leases. Such changes flow through the statement of activities. However, the method of recording each expense differs by lease type. For operating leases, a straight-line lease expense is recorded to reflect the combination of interest expense on the liability and amortization of the assets, similar to legacy GAAP. The amortization

increases each period as the interest expense on the liability declines, because amortization is calculated as the difference between the straight-line expense and the interest expense. For finance leases, straight-line amortization of the asset and interest expense is recorded. As such, the expenses (amortization and interest expenses) recorded each period declines as the interest expense decreases. The NFP should conduct annual impairment tests for all right-of-use assets in accordance with Subtopic 360-10.

The FASB has offered some reprieve for leases that meet the definition of short-term lease:

"A lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise."

NFPs may make an accounting policy election to record lease payments to the statement of activities on a straight-line basis over the term of the lease rather than applying the recognition requirements outlined above. Special consideration should be given to short-term leases with term extension or renewal options. If the NFP is reasonably certain

that a lessee will not exercise the option, accounting for the lease under the policy election is appropriate. However, if it is reasonably certain the extension option will be exercised, the lease should be accounted for following the recognition requirements outlined above.

Despite the new similarities, some differences will exist in how each lease type is presented in the financial statements. Finance right-of-use assets and operating right-of-use assets should be presented as separate line items on the statement of financial position. The respective liabilities should be presented in the same manner. On the statement of cash flows, repayments of the principal portion of the lease liability should be classified within financing activities, and payments of interest on the lease liability and variable lease payments



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“The NFP should exclude donated rent from below-market leases when calculating the value of the asset. The difference between the consideration paid to the lessor and the donated rent is recorded as a contribution.”

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should be classified within operating activities for finance leases. All operating lease payments should be classified as operating activities on the statement of cash flows.

## Implementation Challenges

NFPs should review the standard and determine its effect on the organization as early as possible, as there are many potential implementation challenges. For NFPs with a large volume of contracts, reviewing those contracts to determine whether they contain leases may be time consuming. Standardized service contracts should be reviewed to determine whether there is a lease component. Informal contracts with related parties should be formalized to document the services provided and the costs for each component of the contract. Organizations with a large volume of leases may need to implement accounting software to record and track the leases. Additionally, organizations with debt covenants should consider the impact the adoption of the lease standard might have on such covenants.

## Implementation Practical Expedients

The standard contains some practical expedients that may alleviate some implementation challenges:


- A lessee may make an accounting policy election, by class of underlying assets, to account for lease and nonlease components as a single lease component.
- An entity may elect the following package of practical expedients, applied to all leases, to simplify the transition:
  - Expired or existing contracts do not need to be evaluated to determine whether they contain leases
  - Rather than reassess the lease classification

for expired or existing leases, those accounted for as operating under Topic 840 will be accounted for as operating under Topic 842, and those accounted for as capital under Topic 840 will be accounted for as finance under Topic 842

- Initial direct costs will not be reassessed for existing leases
- An entity may use hindsight to determine the lease term and to assess impairment of its right-of-use assets.

Entities must disclose the election of these practical expedients in the notes to the financial statements.

## Continuing Developments

The FASB continues to field questions and address concerns from those entities impacted by Topic 842 as it navigates implementation. In response to certain questions, the FASB issued ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842. ASU 2018-01 allows organizations to not evaluate land easements that expire before the adoption of Topic 842 and are not accounted for as leases under Topic 840. As the FASB may issue additional updates or implementation guidance, organizations are encouraged to monitor the FASB's leases project page and evaluate how additional developments may impact the organization and its activities. 

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**Melanie Barthel, CPA** is a manager at Johnson Lambert, LLP. She can be reached at [mbarthel@johnsonlambert.com](mailto:mbarthel@johnsonlambert.com).



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## Schedule of Events:



9:45 – 10:00 am  
Opening Remarks  
Lynne Thomas Gordon, CAE – Executive Director,  
American Association of Orthodontists



10:00 – 10:45 am  
State of the Economy for Association  
Diane Swonk, Chief Economist, Grant Thornton

10:45 - 11:00 am - BREAK



11:00 – 11:45 am  
Ted Talks and Panel  
Moderator: Paul Pomerantz, FASAE, CAE – Chief Executive Officer,  
American Society of Anesthesiologists



Panelists:  
Advocacy Landscape for Associations  
Mary Kate Cunningham, CAE – Director, Public Policy, ASAE



The Future of Association Meetings  
Sherrif Karamat, CAE, MBA - President and CEO,  
Professional Convention Management Association



Workforce of the Future – Gen Z  
Nadya Okamoto – Founder and Executive Director of PERIOD



Creating a Welcoming Environment in Associations  
Kimberly Mosley, CAE, CPE, President,  
American Speciality Toy Retailing Association

11:45 am – 12:00 pm  
Key Highlights  
Moderator: Paul Pomerantz, FASAE, CAE

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**Joyce Chacko**  
*Senior Marketing Specialist*  
American Society of Safety Engineers



**Tyler Eble**  
*Assistant Vice President*  
Association Development Solutions



**Greg Fine, FASAE, CAE**  
*Executive Vice President and CEO*  
CCIM Institute



**Larry Guthrie**  
*Director, Communications and Marketing*  
Association for Corporate Growth



**Lawrence Hedblom**  
*Managing Director*  
Springboard Unlimited, LLC



**Sheri Jacobs, FASAE, CAE**  
*President & CEO*  
Avenue M Group



**H. Stephen Lieber, CAE**  
*Executive Advisor*  
Next Wave Connect



**Laura Roberts, CAE**  
*Senior Membership Specialist*  
American Hospital Association



**Rich Rosfelder**  
*Vice President of Strategic Communications*  
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**John Sankara**  
*Associate*  
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**Debbie Trueblood, MSW, IOM, CAE**  
*Executive Director*  
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**Kelsey Vatsaas, CPA, MBA**  
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**Debra Zabloudil**  
*President and CEO*  
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## General Education Schedule:

### 9:45 - 10:45 am

EQ in Action: What Makes Leaders Effective?

Effectively Engaging New Members: The First 90 Days

Power of Associations: Understanding The Impact of Associations and How To Tell That Story

### 10:45 - 11:00 am

Networking Break: Refresh and Connect

### 11:00 am - 12:00 pm

Mapping the Member Journey: Why, How, and What Next

Sponsorship: Going Beyond a Logo on a Sign

Public Speaking Like a Pro

### 12:00 - 1:30 pm

Lunch and Learning

### 1:30 - 2:30 pm

Expanding Reach, Impact and Profitability through an Audience Content Strategy

Reconstructing the Conference Experience

Artificial Intelligence: How Associations Can Help Members Navigate These Uncharted Waters

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8:30 - 9:30 am - Opening Keynote Address:

## The Power of Building Intentional Connections



**Erica Dhawan**  
Founder & CEO  
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2:45 - 4:00 pm - Closing Keynote Address:

## Mobilized and Motivated: The Coming Wave of Gen Z



**Nadya Okamoto**  
Founder  
PERIOD

Nadya Okamoto, a 20-year-old sophomore at Harvard College, has amplified what she calls the "Menstrual Movement." At the age of 16, she organized her peers to make impactful and positive change by founding PERIOD, which is now one of the fastest growing NGOs for women's health in the United States. Nadya has a uniquely informed perspective about the power and potential of this Generation Z. Learn why associations need to pay attention to, collaborate with, and support young leaders right now. Understanding and mobilizing your future staff and member workforce will ensure your relevancy as you accelerate your association forward.

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# Two Associations, One Event

Co-locating events can provide associations with more bang for their buck and the opportunity to expand their reach and engage new stakeholders.

However, execution involves some caveats and compromises.



By **Sara Haukap**



# W

hether planning an association tradeshow, meeting, or educational summit, two organizations are sometimes more effective than one. Up to 44 percent of tradeshow organizers plan to begin co-locating an event within the next three years, according to the Exhibition and Convention Industry Executives Forum Pulse Survey in 2015.

However, anyone examining co-location should avoid jumping on the bandwagon without fully understanding both organizations' needs and how co-location can help meet them.

"There has to be a compelling reason for both associations to explore co-location," said Carol McGury, executive vice president of Event and Education Services at SmithBucklin, an association management and services company. The Event Services team has planned and managed more than 30 co-located events over the last 10 years.

"The two organizations must have synergy," McGury said. "Are their industries complementary or interdependent? Do their members have common educational and networking goals? Will this event meet the expectations of stakeholders (members, sponsors, exhibitors, etc.) in both organizations? These are the questions you should be asking."

Co-location events are most successful when the needs of each organization are compatible, goals for the event and the expectations of each organization are clearly defined, and communication is open and flowing between both organizations and their event planner.

## Finding Compatibility in the Lumber Industry

When determining if a co-location event makes sense, it's important to identify how the two organizations can benefit by joining forces.

For example, the North American Wholesale Lumber Association (NAWLA), which represents the interests of wholesalers, manufacturers and service affiliate companies in the lumber industry, wanted to expand its audience for the Leadership Summit, the association's prestigious education and networking event.

Several members of the NAWLA Board of Directors were also involved in a regional organization representing members within the industry. They suggested exploring how they could work together.

The two organizations decided to combine NAWLA's Leadership Summit with the regional organization's annual confer-

ence into one co-hosted event. NAWLA brought high-quality content, event-planning expertise and financial resources, while the regional association promoted the event to its specialized audience.

For both associations, the event co-location paid off. The 2018 Leadership Summit saw a 48 percent increase in attendance. Approximately 80 percent of survey respondents said they found value in the co-located event.

One attendee commented: "While I am not a chief decision maker in my company (yet), I have been heavily involved with NAWLA since my hire in 2015. I benefited from reconnecting with the contacts I have made at previous NAWLA events and typically only see once per year. I also met new contacts, both related to our business and otherwise that offered great insight, advice and an expanded network."

## Win-win for the Vacation Rental Management Industry

For large associations, partnering with a smaller organization or business to provide a co-located event can help both organizations achieve common goals like attracting new members or customers.

The Vacation Rental Management Association (VRMA), the international, professional trade association of the vacation rental property management and hospitality industries, wanted to expand its regional meetings, known as VRMA Connect, in locations that did not have a large VRMA presence, such as remote areas of the U.S or locations outside of the U.S.

In Hawaii, for example, VRMA Connect is partnering with a local company to co-host an existing event for vacation rental professionals. The partnership will enable increased education and networking opportunities to Hawaiian locals and increased exposure to VRMA.

"Because many attendees are not members of VRMA, the association will be able to share its value proposition face-to-face," said Mike Copps, executive director of VRMA. "The opportunity to meet with new individuals and form new

connections also benefits VRMA members. There's a positive energy at a co-located event that's really unique and special, when done well."

Co-location also allows associations to fill holes in their content or educational opportunities. For example, VRMA is partnering with Vacation Rental Housekeeping Professionals (VRHP) for VRMA's 2018 International Conference in Las Vegas. VRHP is forgoing its annual conference in exchange for two tracks on housekeeping at the VRMA conference.

"In addition to providing VRHP members with access to the wide range of content from VRMA, this is a win for VRMA members," Copps said. "We received feedback in prior years that VRMA should offer more housekeeping and building maintenance content, and this co-hosting opportunity allows us to meet that need."

## Set up for Success

Once co-location is on the table, planning is critical to a successful event. Multiple conversations and clear documentation prevents confusion and conflict during the event itself. Whether in an official memorandum of understanding or in another written form, the financial model should be crystal clear to all parties.

In many co-located events, the financial model reflects the reality that one partner association is often bigger (and assuming more financial risk) than the other. In many cases, this means the smaller association is guaranteed a certain amount of revenue, with any surplus shared evenly between the two parties.

"Slightly less important than the financial model itself is the clarity of communication. Both organizations' boards, the executive directors and all involved in planning the event must have a full understanding what the financial model is," McGury said. "Everyone should know—and agree—how the money is going to flow."

Another essential element for preventing conflict is clear delineation of responsibility. Both associations should have, in writing, a list of their responsibilities for planning the event. When divvying up who does what, there is a great deal of flexibility based on the needs and resources of both associations, but everyone should understand the roles and responsibilities, well before the event begins.

Finally, lines of authority need to be established early and in writing. Who has the final say in case of conflict or disagreement? Know what the chain of command looks like for individual roles, such as marketing or promotion, as well as for overarching strategy and direction.

"These three elements—the financial model, the allocation of responsibility and the lines of decision-making—affect every aspect of the event," said McGury. "From planning the

agenda to food and beverage to decorations for a networking activity, you can't have a successful co-located event without a mutual understanding of finances, roles and authority."

## Maintaining Identity

When a larger association and a smaller association join forces to co-host an event, one potential pitfall is the smaller association feeling entirely overwhelmed—to the point of losing its identity.

It makes sense financially for smaller organizations to give up their own annual conference in exchange for being part of the larger, co-located event. However, that does not mean they give up complete control of elements that are important to their stakeholders. A successful co-located event enables each organization to focus on their individual strengths and value propositions.

"One way to maintain individual identity is to consciously remember their members as a key audience for events," McGury said. "Each organization can host its own reception for new members and first-time attendees or they can create a networking experience that is unique to their organization." Maintaining identity while still delivering seamless event services also can be a challenge for two (or more) similarly sized organizations to host one event.

For example, in 2006, three separate organizations that serve users of Oracle technology solutions came together to hold one co-located convention called Collaborate. It required uniting three separate meetings, three different education programs and three different portals together under one unified brand.

Twelve years later, Collaborate is a smoothly integrated event, attracting 5,000 attendees annually. About 60 percent of the meeting is attended by everyone, and 40 percent involves individual programs planned by each of the three organizations.

"Now more than ever, there is a greater need to partner with like-minded Oracle technology communities," said Josh Berman, executive director of Independent Oracle Users Group, one of the three organizers of Collaborate. "Oracle customers and expert practitioners face disruptive forces in the workplace so they require tailored education programs that address specific needs. Because the issues they are facing are highly complex, it's often more than any single organization can address on its own, as each user group is classically focused on a particular product or job role."

"Similarly, associations seeing disruptive forces at play in their industries might look at ways they can collaborate with organizations operating in their space to find solutions to shared issues," Berman said.



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“Anyone examining co-location should avoid jumping on the bandwagon without fully understanding both organizations’ needs and how co-location can help meet them.”

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## Paradigm Shift

Sometimes, co-location involves a complete mindset change. In fact, the strongest event partnerships involve associations willing to relinquish some control in order to enhance the event experience and offerings for all attendees. To work together, the associations must understand that they’re not just replicating an old event with a partner, but instead creating a new experience.

In 2008, the boards of North American Association of Floor Covering Distributors (NAFCD) and the North American Building Material Distribution Association (NBMDA) recognized the benefits of combining their annual conventions into one co-sponsored event.

Both view networking and education as the primary benefits of their events and revenue generation as a secondary benefit. Since NAFCD and NBMDA both have relationships within the building product industry, they wanted to bring together distributors to share best practices and meet manufacturers.

“It’s important to keep in mind that in the most successful partnerships, both parties communicate their top priorities, agree to maintain and represent their independent brands and showcase their individual strengths,” said Kevin Gammonley, executive director of both NAFCD and NBMDA.

With cultures, objectives and industries aligned, it made sense for the organizations to evolve to a NAFCD + NBMDA Annual Convention. The co-sponsored event now has more energy onsite and more industry “buzz” due to its larger attendance, which increases the networking opportunities for attendees. Sponsorship revenue for the NAFCD + NBMDA Annual Convention has increased since they combined events, and each association’s expense totals have been significantly reduced. NAFCD and NBMDA are now in their 10th year of the partnership and the event is continuing to grow each year.

The relationship has extended to other association programs beyond the event. For example, NAFCD and NBMDA now collaborate by combining their compensation data to create benchmarking reports that benefit from the larger sample size. These joint reports also compare what benefits employees receive. Access to this data helps NAFCD and NBMDA members’ companies be competitive in their local markets.

It’s also important to note that the first year of any part-


nership requires extensive time and energy. But after the processes and procedures are in place and a base of vendors and suppliers are secured, the successive years are defined more by fine-tuning and finessing already-developed aspects of the event.

For a trial run, associations can also coordinate partnerships for smaller events or activities to get a sense for how the relationship would work when applied to a large, annual conference. For example, prior to launching the NAFCD + NBMDA Annual Convention, the two associations partnered to conduct a joint regional meeting and webinar, both of which were very successful.

## Two Associations, One Goal

When done properly, co-located events may be the cure for associations experiencing stagnation. Partnerships present an option for energizing your association events with new faces, ideas and excitement. These collaborations can deliver significant boosted returns for each association involved, as well as greater networking opportunities for members.

“For attendees and exhibitors, it opens doors to make new connections and meet new people who may be resources down the line,” McGury said. “For associations, providing those valuable connections for their stakeholders puts them on track to achieving their missions.”

Whether working toward a bigger, better event or breaking down a larger event to target a specific audience, co-location may be the future of association meetings. 

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**Sara Haukap** is Events Director for SmithBucklin. She is currently managing four co-located events. You can reach her at [shaukap@smithbucklin.com](mailto:shaukap@smithbucklin.com).

# Diversity with Inclusion:

## Lessons from the Corporate Sector

By **Teresa Brinati**

**W**hat can associations learn from the corporate sector about diversity and inclusion? First and foremost, that they are top business priorities and are both critical ingredients in a company's strategy, according to Cindy Noble, the Chief People Officer for Compass Group North America, headquartered in Charlotte, North Carolina, and a component of the greater Compass Group based in Chertsey, England. A global food service and support services company, Compass serves award-winning restaurants (such as Spiaggia in Chicago), arenas (think of the delish fare at Wrigley Field and the United Center), corporate cafes, hospitals, schools, museums, and others. With more than 250,000 employees in all 50 states and Canada, Compass dishes up an astounding 8.5 million meals daily, generating annual revenues upward of \$18 billion.



Cindy Noble  
Chief People Officer  
Compass Group  
North America



CINDY NOBLE has worked in human resources for most of her career, which began in Chicago with Levy Restaurants. She is currently the Chief People Officer for Compass Group North America. A native of Peoria, she has a degree in bioscience from the University of Illinois at Urbana-Champaign, where she lettered in swimming. She is on the Alumni Leadership Board for Girls in the Game, a non-profit group dedicated to enhancing the lives of young women through sports and studies, and also serves on the boards of the Los Angeles Hospitality Industry and Training Education Fund and Kendall College.

Noble notes that diversity and inclusion should go hand-in-hand and are as important in Compass's workforce as they are in its boardroom, its customer base, its community involvement, and more. She encourages broad thinking on these topics and believes that D&I offers the best path to creativity and innovation in any organization, including associations.

**FORUM:** In your role, how do you promote diversity and inclusion at Compass Group?

It is my responsibility to cultivate an environment of inclusion that values every dimension of diversity from our associates to our customers. This involves the development and execution of strategic initiatives designed to have impact on multiple facets of our operations including recruiting, learning, talent development, and business growth. We are actively seeking opportunities to connect with diverse organizations in the community, staying current with market trends in D&I, and networking with the intent to share best practices and learn what has been successful with our peers at other organizations. Additionally, it is the responsibility of my role and the team that I lead to ensure our organization is in compliance with all employment regulations and affirmative action requirements.

**FORUM:** In many organizations, diversity means racial and ethnic diversity, but there

are broader ways to define this term. How does your company define diversity?

Historically, the primary intent of diversity and inclusion initiatives was designed to bring awareness to the imbalance of gender and ethnic/racial diversity in the workforce and specifically in leadership ranks. The dynamics of the workforce are changing at a rapid pace, which has required the continuous evolution of D&I and the impact it seeks to achieve. Today, diversity includes more than just the traditional elements of identity, such as gender and race, but now includes the expansion of the individual spectrum. For example, sexual orientation, generation, gender identity, disability status, and even personality styles such as introvert versus extrovert. Compass is committed to embracing and appreciating the differences of each individual with the understanding that these are the qualities that will allow for creativity and innovation. Finally, we also seek to foster an environment where diversity of thought is respected and promoted as a way to improve team dynamics and problem solving.

**FORUM:** How long has your company been concerned with diversity and inclusion, and how has its approach evolved over the years? When did it create



“The dynamics of the workforce are changing at a rapid pace, which has required the continuous evolution of D&I and the impact it seeks to achieve. Today, diversity includes more than just the traditional elements of identity, such as gender and race, but now includes the expansion of the individual spectrum.”

**the position of Chief D&I Officer, and how did that come about? Is yours a typical position in the corporate sector?**

Our diversity and inclusion journey began almost 15 years ago as an initiative designed to effect change in the diverse composition of the workforce and to meet the challenges of the rapidly evolving workplace. The decision to establish a D&I department started with the creation of the Chief Diversity & Inclusion Officer role by identifying initial areas to focus on, such as human capital development, sales support, and community involvement. Over the years our focus has not shifted much from those original areas, but we have matured in our approach by concentrating our efforts on three categories: people, culture, and community. It is our intent to affect change in all of the facets of the employee lifecycle from recruiting to development to promotion and ensure that we continually build a culture that values diversity. My position is common in the corporate sector as well as the education, private, and government sectors.

**FORUM:** Attracting a diverse applicant pool for a position can be a challenge. Do you have recommendations or strategies for diversifying a workforce?

The diversification of a workforce is something that all companies dedicated to D&I initiatives

strive to achieve, and there are various strategies. One such strategy is to focus on where an organization is sourcing its potential candidates and if that source provides exposure to diverse candidates that could populate an applicant pool. Within the marketplace there are many professional organizations that are devoted to providing professional development, career advice, and connections to the organizations with which they partner. This is an opportunity for companies seeking to diversify their candidate pool, which helps to create partnerships with these organizations and gain access to their members. Another recommendation is to consider implementing a practice that would encourage the inclusion of diverse candidates on a slate before it gets to the panel interview stage of the hiring process. For example, a hiring manager could require that a slate of candidates must have diverse representation—whether it be gender or ethnicity or another facet—before they will conduct interviews. This concept can be a catalyst for change in an organization and provide opportunities for diverse candidates to advance with the maturation of this concept eventually tracked by conversion rates of those slates

**FORUM:** How are diversity and inclusion initiatives incorporated in your company's mission, vision, and/or strategic plans?

One of the guiding principles of Compass Group is “Developing our People and Valuing Diversity”—recognizing the diversity and contribution of our people. We create a work environment that is challenging and provides opportunities




and support for everyone to develop, learn, and succeed. This commitment allows for diversity to be an integral part of the strategy development for business growth and advancement. In the marketplace, this provides Compass the opportunity to connect with our clients to seek alignment on mutual D&I related objectives and also support their initiatives. In fact, Compass Group was just recognized by Forbes as one of the Top 100 Employers for Diversity in 2018, a recognition of which we are all very proud.

**FORUM:** What initiatives have been implemented by the Compass Group to foster inclusivity in the workplace?

In addition to the initiatives discussed earlier, we have launched Diversity & Inclusion Action Councils throughout the various sectors in Compass. These are dynamic groups focused on fostering the culture of inclusion throughout the organization. Similar to traditional Employee Resource Groups, these are comprised of a diverse group of associates who come from a variety of professional backgrounds, cultures, and even countries of origin. These councils are tasked with creating strategy and delivering results that can have impact through all the levels of their respective business sectors while staying current with inclusion topics and issues on the horizon. There is executive participation and support for these councils and they have evolved to become a tangible asset for their business sectors and the organization as a whole.

**FORUM:** Are there activities that you think can be implemented effectively in any workplace?

One of our most successful activities that we do on an annual basis are Associate Inclusion Weeks, which are focused on appreciating the things that make us unique and embracing them. Year after year, participation in these Inclusion Weeks grows exponentially, and it is something that is praised by our clients as a way

of celebrating diversity. Activities range from social media campaigns highlighting what inclusion means to the individual to presentations on cultural heritage to concentrated efforts to connect with our communities to have an impact. All of these activities and initiatives are instrumental in achieving our D&I vision of empowering our people to be the difference. 

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# Energized Initiatives:

## Developing a Successful Capital Campaign

By **Mike Norbut**



**Kathryn Dattomo, MNA, CAE, CFRE**

*Executive Director,  
ASGE Foundation*

Kathryn Dattomo, MNA, CAE, CFRE, is executive director of the ASGE Foundation, part of the American Society for Gastrointestinal Endoscopy (ASGE), an individual membership organization serving physicians and other health-care professionals in the endoscopy specialty. Kathryn has over 15 years of experience in fundraising and nonprofit management. She completed her undergraduate degree at DePauw University, holds a Master of Nonprofit Administration degree from North Park University and is a Certified Fund Raising Executive.



**Kathleen Spiess, CFRE**

*Vice President of  
Development,  
The Morton Arboretum*

Kathleen Spiess, CFRE, is the vice president of development for The Morton Arboretum, a leading nonprofit organization focused on tree science and conservation, featuring a 1,700-acre "outdoor museum" in Lisle, IL. The Morton Arboretum boasts 45,000 members and one million visitors annually. In her role, Spiess oversees all aspects of development, including giving and membership programs. She is a Certified Fund Raising Executive with a Bachelor of Arts degree in Organizational Communication from Western Michigan University.



**Pauli Undesser, BS, MS, MWS, CAE**

*Executive Director,  
Water Quality Association (WQA)*

Pauli Undesser, BS, MS, MWS, CAE, is the executive director of the Water Quality Association (WQA) and Water Quality Research Foundation (WQRF). The WQA is a trade association representing the water treatment industry. Undesser has been with the WQA since 2007, previously serving as the executive director of the WQRF and director of regulatory and technical affairs. She is the recipient of Association Forum's Inspiring Leader Award as part of the 2018 Honors Awards.





As mission-driven organizations, non-profits have a natural opportunity to raise funds to support their various causes. Membership associations and cultural institutions are no exception, as many have foundations either affiliated with or embedded within their organizational structures. Fundraising also is becoming increasingly sophisticated, as organizations rely on segmented appeals and data-driven strategies to meet their goals. Many organizations have started to explore capital campaigns as a way to not only draw attention to important initiatives within their organization or field, but also to energize and mobilize their donor base. For organizations considering such a strategy, however, questions abound.

FORUM spoke to three professionals with fundraising oversight and experience from organizations representing different segments of the non-profit community to learn about how they developed their capital campaigns and how they balance these initiatives among other fundraising strategies.

**FORUM:** Please share some background information about your organization's current or recent capital campaigns, including your goals and reasons that led to developing the campaign.

**Dattomo:** The ASGE Foundation has conducted two capital campaigns over the past eight years.

ASGE launched its first capital campaign in 2010 to raise funds to help build the ASGE Institute for Training and Technology (IT&T), a state-of-the-art learning facility that supports integrated hands-on and didactic medical training in endoscopy and other medical specialties. Our goal was to raise \$6 million in 24 months. At the end of the campaign, we had raised nearly \$7 million.

Fast forward five years, and the IT&T remains the core of ASGE's educational offerings, but we also recognized a growing need to deliver education to our busy members anytime, anywhere. So, we launched the Beyond Our Walls campaign to build upon the success of the IT&T and to meet the needs of our members with new online learning platforms, simulcast courses, webinars, video series and other "virtual" offerings. ASGE's goal for the Beyond Our Walls campaign was to raise \$2.5 million in 15 months. We raised more than \$3 million.

**Spiess:** The Morton Arboretum is in the fourth year of the five-year Growing Brilliantly campaign, a \$63 million compre-

hensive campaign, including \$30 million in continued annual support and \$33 million for five new initiatives. The new initiatives will expand the Arboretum's science and conservation work, advance new tree development, build our team of tree experts and scientists, and improve core facilities to meet our strategic vision.

**Undesser:** The Water Quality Research Foundation (WQRF) was formed in 1959 with the intent to generate research to find opportunities or fend off threats in the water treatment industry. Even though WQRF held several successful staff-driven fundraisers over the years ranging from \$50,000 to \$800,000 it did not have brand recognition, a comprehensive vision, or consistent annual support. In 2013, two enthusiastic members challenged WQRF to broaden its vision and increase its research output. The foundation board was reluctant to launch a capital campaign, but at a minimum to appease the challenge, members were willing to investigate the option. That was the impetus behind our Invest in Your Future campaign successfully achieving \$2.8 million.

**FORUM:** For an organization considering a capital campaign, what are some of the key factors to consider? What lessons have you learned from your past experiences?

**Spiess:** Campaigns can be an effective way to energize an organization's fundraising effort, engage new and existing donors and provide lasting results for the organization. Planning is essential, and early in the process it can be helpful to establish a relationship with a consultant for an objective perspective on the organization's readiness for a

campaign. In planning for a campaign, it is important to assess costs of managing a large-scale fundraising effort and create a budget plan. In addition to consulting services, costs may include additional staffing and administrative expenses, vendor relationships, events, recognition and stewardship. Depending on the length of the campaign, additional database wealth screening services may also be warranted. Deciding on a campaign budget and determining how it will be funded—as part of the campaign or through other means—is an important part of campaign planning.

**Undesser:** Conducting a feasibility study is crucial, and I can't imagine taking on any future campaigns without doing one. Asking the right questions of the right people will provide you a clear understanding of your fundraising potential and the steps that must be taken to attain your goals. While it is an up-front investment, a feasibility study certainly helped us manage and settle fears regarding the potential success, messaging, and so many other aspects.

**Dattomo:** I'll share a lesson learned. The effort of a capital campaign is not over when you have reached your fundraising goal. Don't underestimate the time and resources that go in to thanking and recognizing your generous donors, communicating with them regularly on the progress and outcomes of the project they are supporting, and most important, collecting the money they have pledged to your campaign. Don't neglect to factor those activities in your campaign plan.

**FORUM:** How did you know your organization was ready for a capital campaign?

**Undesser:** Like many organizations, we had to balance the emotional desire to conduct a capital campaign against so many limiting factors, such as narrow staff bandwidth, limited awareness of the foundation, an undefined agenda, varied industry composition, and the list goes on. The results of our feasibility study provided us tangible data to weigh against these limiting factors. It validated what we thought could be possible and showed us that we had a real opportunity.

After we saw our high levels of engagement and estimated giving, staff and the board actually felt we would be negligent not to find some way to overcome our limitations.

**Dattomo:** For both capital campaigns, ASGE hired a consultant to conduct planning studies. The planning process confirms whether you have the resources, history of support and donor base for a campaign. Planning assessments also help to build consensus around your vision, validate your case for support, identify prospective campaign leaders and donors, and determine a realistic but challenging financial goal. You'll also learn about potential objections, pitfalls or challenges you need to be prepared for if you proceed with a campaign.

**Spiess:** The best indicator that The Morton Arboretum was ready to launch the Growing Brilliantly campaign was the consistent growth and stability of its annual base of support. In the five years prior to the launch of the campaign in 2014, contributed revenue had increased by 44 percent, and our number of member households increased by nearly 20 percent. This data, combined with the enthusiasm and support of board leadership and top donors, enabled the Arboretum to pursue the larger goal.

**FORUM:** When you're running a capital campaign, how do you balance your campaign efforts with your typical, "everyday" fundraising activities? Can you afford to favor one over the other?

**Dattomo:** The capital campaign should be your priority while it is running, but not at the expense of your ongoing day-to-day fundraising activities. Your goal is to maintain, or even increase, support for your everyday fundraising during your capital campaign. You need to be very strategic about whom to ask for what and when. You also need to help your donors distinguish your campaign from your other fundraising activities and make a compelling case for how each effort



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“Whether you are responsible for membership, marketing, education, meetings, finance or IT, think about how you can use your unique role to support a culture of philanthropy for your organization.”

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is supporting distinct needs.

For one campaign, we kept our “asks” very separate. For the other, we bundled the asks for donors at a certain level. There are several models and no one right way, so proceed with the best approach for your donors, your campaign and your organization.


**Spiess:** The Morton Arboretum was strategic in establishing a comprehensive goal when launching the Growing Brilliantly campaign to avoid the risk of eroding the annual fundraising base in favor of the new initiative’s goal. When speaking with donors and prospects about making a gift to support Growing Brilliantly, donors are asked to consider additional gifts for the new campaign initiatives in addition to renewing their ongoing annual gifts. This strategy has ensured that giving conversations were comprehensive in nature and provided the donor with options for how they could support the campaign. While many supporters have chosen to make commitments for new initiatives and continue annual support, some have elected to simply increase their annual support, thus supporting the comprehensive nature of the campaign while ensuring a growing base of support for the future.

**Undesser:** As we brainstormed ways to overcome our limitations, it was immediately clear staff capacity was our main limiting factor. We could not balance “everyday” work and fully run a campaign on our own. Our only option to launch a campaign would be to increase our bandwidth. We invested in a campaign consultant to increase our capacity and lean on the consultant’s expertise to ease the burden on staff and members. Even with the extra bandwidth, taking on a campaign should be one of your organization’s highest priorities and must be given dedicated attention. If the effort is well-managed, it builds donor confidence and engagement. On the contrary, if your campaign director is spread too thin managing other fundraising activities, it could have the opposite effect.

## **FORUM:** What other advice can you share related to fundraising?

**Spiess:** Like all things in life, campaigns are unpredictable! Research and planning are critical to successful campaigns, but unexpected windfalls or downfalls can have a dramatic impact on results, both positive and negative. Accepting that change is inevitable and preparing to be nimble and creative when changes to the course are necessary is part of the journey.

**Undesser:** You MUST look beyond the emotional qualitative limitations. For membership associations and cultural institutions that have foundations either affiliated with or embedded within their organizational structures, there will always be a hundred reasons not to do a campaign. To truly assess your potential for a successful capital campaign, collect data through a feasibility study to cut through emotions and provide quantitative support for making decisions.

**Dattomo:** While fundraising may not be specified in your job description, you have a role to play in your organization’s fundraising success. So, whether you are responsible for membership, marketing, education, meetings, finance or IT, think about how you can use your unique role to support a culture of philanthropy for your organization. 

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## June 2018

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9 – 10:30 a.m.

**JUNE 21** **Attendee Acquisition Roundtable**  
8 a.m. – 4:30 p.m.

The Attendee Acquisition Roundtable, facilitated by Sam Lippman, is a one-day information-sharing and networking event for executives, managers, marketers, creative professionals, social media and digital specialists, list/Db managers, research managers, and content developers. Learn how to find, attract, and retain attendees to grow events. Attendees receive a complimentary copy of the Attendee Benchmarks and Trends Study.

**JUNE 27** **Emerging Leaders Program**

The Emerging Leaders program is an exclusive, six-month program that concentrates its focus on advancing association professionals under the age of 35 within their careers. The program will highlight influential and powerful techniques that teach young professionals how to take the next steps to success using in-person and online training, while creating a quality, exclusive cohort consisting of future senior staff members to grow and learn together.

**JUNE 27** **Forum Forward**  
8 a.m. – 6 p.m.

Forum Forward 2018 is focused on creativity, ideation, incubation and application for associations. It is an opportunity to stay up-to-date on incoming trends and hear industry-proven techniques from a carefully curated lineup of subject-matter experts. The education is created for, and by, association professionals in an effort to provide the most relevant content for the Chicagoland association industry.

**JUNE 29** **Webinar: Breaking Through the Noise: How to Stand Out to Gain Corporate Sponsorship**  
11 a.m. – Noon

Learn how decision-makers determine who gets support and discover what your association needs to do to stand out to secure the sponsorship dollars you need. Presented by Anetra Henry-Hunting, founder of the Hunting Group.

## July 2018

**JULY 11** **Finance SIG**  
9 – 10:30 a.m.

**JULY 17** **#2/COO SIG**  
9 – 10:30 a.m.

**JULY 19** **Exhibit Sales Roundtable**  
9 – 10:30 a.m.

Exhibit Sales Roundtable (ESR) is a one-day facilitated workshop for executives, managers and professionals responsible for maximizing exhibit and sponsorship sales. ESR creates a high-energy environment for exploring exclusive research, exchanging field-tested sales tactics, and creating career contacts with a small group of forward-thinking peers. Every ESR attendee takes away action-ready tactics and insights for finding, closing, renewing, and upgrading customers and prospects.

Events listed here are Association Forum programs. Further details and registration information can be found at [www.associationforum.org](http://www.associationforum.org). Programs are subject to change.

### Calendar Legend

● Education Events ● Shared Interest Group Events ● Webinars

Location is Association Forum, 10 S. Riverside Plaza, Suite 800, Chicago, 60606, unless otherwise noted.



## Register Now!

**JULY  
19**

### **Webinar: Designing Your Digital Event Playbook to Drive Results** 11 a.m. – Noon

*The digital space has proven to be a powerful strategic tool for associations as a way to engage members, increase your pipeline, extend your reach and attract the next generation of members. During this session, we'll explore how you can cultivate your own digital event strategy to drive your key business objectives.*

**JULY  
24**

### **Membership SIG** 9 – 10:30 a.m.

**JULY  
27**

### **Governance Essentials: Effective Practices for Staff** 9 a.m. – Noon

*Drawing on its rich history of establishing frameworks in which boards of directors are able to function at a high level, Association Management Center has developed this half-day workshop that will present core governance practices with a focus on the "nuts and bolts" of good governance.*

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## Coming Soon!

A new Online Learning Experience!  
Expand your knowledge base, attend recorded Forum events, and earn CAE credit—all on your time!

Debuting June 1, 2018

## House Calls—We Bring the Program to You!

An Association 101 house call delivers high quality education to your staff on your preferred date and without having to leave the office. This is available for groups of at least 15 and you will get a discount on the standard member rate. Contact [education@associationforum.org](mailto:education@associationforum.org) to learn more.

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## Promotions and Changes



**Merrill Drew, CAE** has been promoted to director, membership and customer service for the American College of Occupational and Environmental Medicine (ACOEM). Drew has been with ACOEM since 2015, starting as membership manager and eventually being promoted to senior manager, membership & customer service. Drew was also recently announced as the 2018-19 inductee into the VIP Influencer of the Year Circle by the International Association of Women (IAW).



**Lucy Free** has been promoted to director, governance for the American College of Occupational and Environmental Medicine (ACOEM). Free was previously manager, governance for ACOEM and joined the organization after working in the membership department at the American Academy of Orthopaedic Surgeons (AAOS).



**Melanie Epel Stanton, CAE** has been named director of business development with the American College of Occupational and Environmental Medicine (ACOEM). In this role, she is charged with identifying, designing, developing and executing programs in support of ACOEM's education strategy as well as providing leadership and support for the Occupational and Environmental Health Foundation (OEHF). Stanton previously served as executive director of Turfgrass Producers International and The Lawn Institute.



**Christie Tarantino-Dean, FASAE, CAE** has joined the Choose Chicago board of directors. Tarantino-Dean is the CEO of the Institute of Food Technologists (IFT) and is the former CEO of Association Forum. Prior to leading those two organizations, Tarantino-Dean was the executive director of the Academy of General Dentistry.



**Nikki Golden, CAE** has joined the Managed Services Department for the American Academy of Orthopaedic Surgeons (AAOS) as society director, effective April 4. In her role, Golden will serve as the executive director for the International Society for the Advancement of Spine Surgery (ISASS). She was previously the director of membership for the National Roofing Contractors Association and currently serves on Association Forum's Content Advisory Group.



**Hazel Oreluk, MA, CADS** has been named the director of research for the American Orthopaedic Foot & Ankle Society (AOFAS). Oreluk joins AOFAS after more than a decade with the American Academy of Orthopaedic Surgeons, where she was most recently the healthcare statistics and surveys research manager.

## News and Awards



Congratulations to **April Kates-Ellison, CAE** on being named a Women of Excellence honoree by the Chicago Defender. Kates-Ellison is the director of client services at the American Dental Association (ADA). She is a past winner of Associations Forum's Workforce Diversity Scholarship Award and is active in her community, working with women and youth organizations.

## New Association Forum Members

### Individual Members

**Laurence A. Bolotin, M.Ed, CAE**, Zeta Beta Tau

**Kim Davis**, Park City Utah Convention

**Edward Dernuk**, Fabricators & Manufacturers Association International

**Andy E. Long**, Association Laboratory Inc.

**Patti Maenza, PHR**, IES Abroad

**Morgan Miller**, Oklahoma City Convention and Visitors Bureau

**Ann Saari**, Innovatis Group

**Patrick Simon**, Fabricators & Manufacturers Association International

**Duane Smith**, Illinois Park & Recreation Association

**Joni Stanley**, Peoria Area Convention & Visitors Bureau

**Junior Tauvaa**, Visit Anaheim

### Forum Plus Members

**Jenny White**, American Academy of Dermatology

**Karina Devine**, American Academy of Implant Dentistry

**Brittany Bersano, Derek Claussen, Thomas Heffron, John Noel, Sherene Thomas** and **Jennifer Ver Huel**, American Academy of Sleep Medicine

**Tanya Kinsman** and **Kirk Sturgulewski**, American Association of Endodontists

**Lee Rumpel**, American Association of Medical Assistants

**Catherine Lopes, Brittany Lowe, Michelle Mahoney, Jennifer Scofield, Sarah Trotto** and **Lawrence Zabinski**, American Association of Oral and Maxillofacial Surgeons

**Christopher Hurst** and **Leah Johnson**, American Dental Hygienists' Association

**Susan Fargo** and **Lyn Wolfson**, American Epilepsy Society

**Tom Bradach** and **Ann Feeney**, American Hospital Association

## 2018 Bree Anne Sutherland Scholarship

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Association Forum is pleased to announce the recipient of the second annual Bree Anne Sutherland Scholarship, Felicia Owens, governance program coordinator at the Society of American Archivists.

The Bree Anne Sutherland Scholarship grants a young professional (30 years of age or less) unlimited access to Association Forum's education offerings for one year. At the conclusion of the "field" study, the scholar is responsible for detailing his or her learning experience. The scholarship includes education fees and travel expenses.



**Felicia Owens**

*Governance Program Coordinator*  
**Society of American Archivists.**

The Bree Anne Sutherland Scholarship is named in memoriam of Association Forum's former director of learning for the purpose of advancing her dedicated passion for education.

**Larry Deutsch, Mary Hirsh and Angela Maycock**, American Library Association

**Sabih Ahmed, Cynthia Cheski, Kimberley Jacques, Alisa Moore, David Morley and Eva Wilczek**, American Planning Association

**Alex Huggett**, APICS

**Jimmy Driskill**, Appraisal Institute

**Cassie Ehrhart**, Association for Corporate Growth

**Dora Magallon, Jorie Rosen and Bryan White**, Bostrom Corporation

**Chrishelle Thomas**, C200

**Ava Andrews and Jessica Griefff**, Congress of Neurological Surgeons

**Jason Larson, Kim Simoni and Daniel Wright**, Financial Managers Society

**Ryan Murnick and Aaron Wimmer**, Illinois CPA Society and Foundation

**Jennifer Goluszka and Dan Gullicksen**, Institute of Food Technologists

**Wendy Becker and Dan Morales**, Institute of Real Estate Management

**TC Bastin, Diana Leon and Sara Schoenfish**, International Association of Defense Counsel

**John Czarnecki, Anastasia Gedman and Liz Moran**, International Interior Design Association

**Erica Baker**, Radiological Society of North America

**Emily Bichl, Alana Embury, Deja Hall, Brittny Harris, Anna Hawkshead, Caroline Heckler, Brystol Koch, Joann Lee, Erik Martin, Joe Millspaugh, Megan Naydenova, Mark Swets, Teo Tueres and Mukti Vasanji**, SmithBucklin

**Emily Milkes**, Society for Vascular Surgery

**Kelly Gschwend, Dreena Lindsey, Wendy Moylan, Kim Nowak and Karen Williams**, Society of Actuaries

### ***Forum Plus Organizations***

American Academy of Sleep Medicine

American Association of Medical Assistants

CM Services, Inc.

Magnificent Mile Association



To access MCI's "American Engagement Index 2017," visit the digital or mobile versions of *FORUM*.

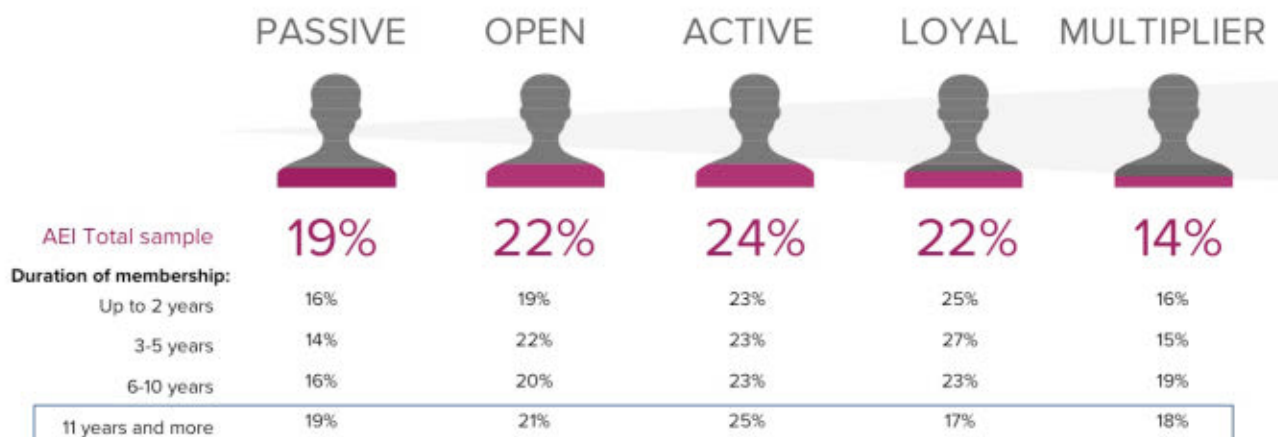
# American Engagement Index 2017

MCI Group, in partnership with FairControl, recently released the second American Engagement Index (AEI), a companion study developed from its landmark Global Engagement Index (GEI). The AEI uses data from thousands of respondents to examine trends and set benchmarks in member and non-member engagement as it relates to the evolving business models of the association industry.

To quantify the normally abstract concept of member engagement, the AEI categorizes respondents across a five-part spectrum. On one end are "passives"—non-members, vocal detractors or members who do nothing more than pay dues. On the other end are "multipliers"—highly engaged members who not only purchase products and attend events, but actively encourage others to do so.

The comprehensive study delves into a range of topics related to engagement, including renewals, product design and the value of offerings. In regard to the relationship cycle over the duration of membership, the AEI indicates a decrease in relationship strength over the long-term duration of one's membership. The study also found that the product usage of members shifts dramatically over the duration of their membership, showing an increased use of standards and best practices, annual meetings and publications over their tenure. Conversely over the same period, the use of certifications/accreditations and instructor-led training drops significantly.

## Technology of Engagement by Duration of Membership



## Expectations and Motivational Factors of Members Change over Time

### MEMBERS



Source: MCI's "American Engagement Index 2017"





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