

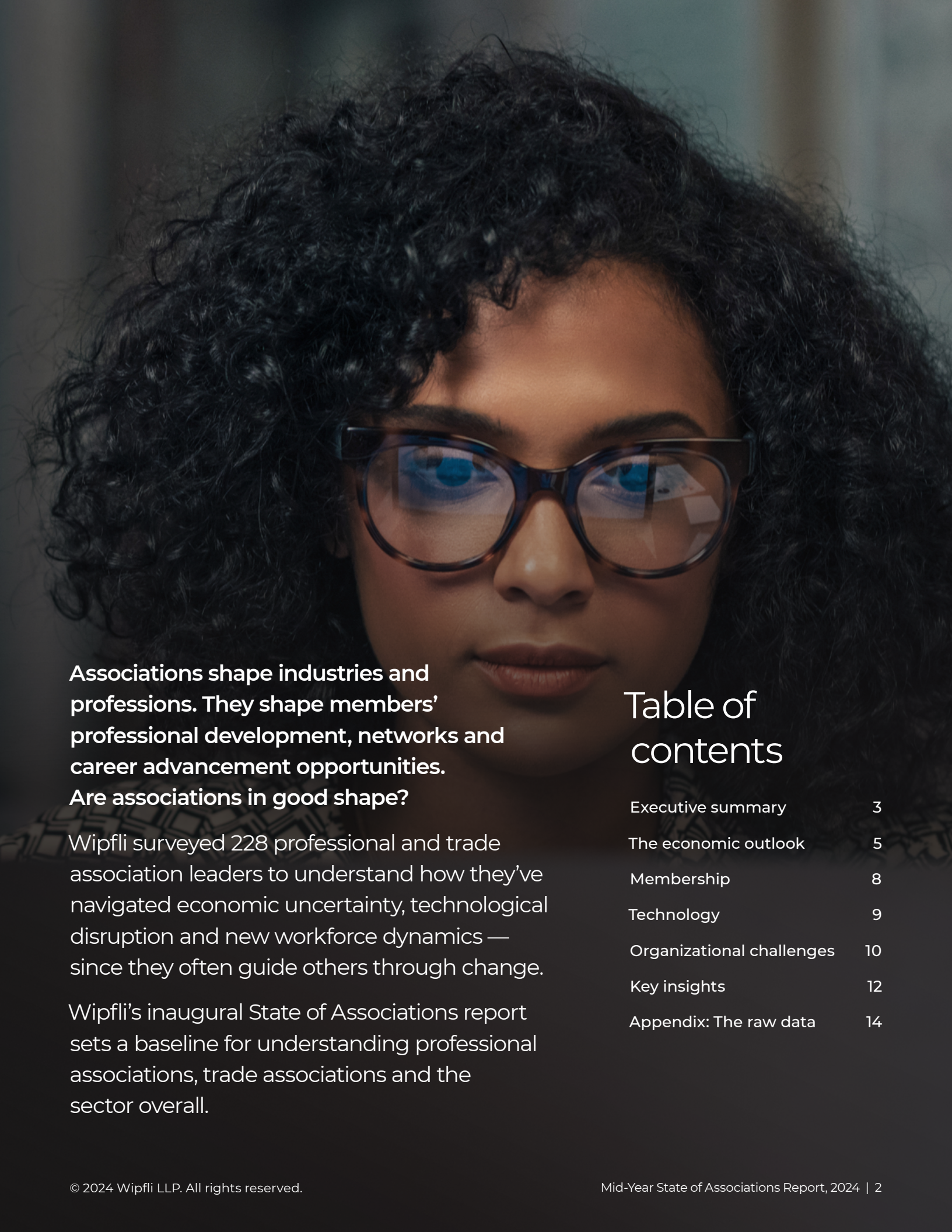
# STATE OF ASSOCIATIONS

Wipfli mid-year research report, 2024



**WIPFLI**





**Associations shape industries and professions. They shape members' professional development, networks and career advancement opportunities. Are associations in good shape?**

Wipfli surveyed 228 professional and trade association leaders to understand how they've navigated economic uncertainty, technological disruption and new workforce dynamics — since they often guide others through change.

Wipfli's inaugural State of Associations report sets a baseline for understanding professional associations, trade associations and the sector overall.

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# Executive summary

Wipfli's first report on the state of associations is a positive one, at least on the financial front.

Ninety-nine percent of surveyed associations reported being optimistic about their financial viability, and 83% said they're in a better financial position today than five years ago. Most associations report they have bounced back from the COVID-19 pandemic and settled comfortably into a "new normal."

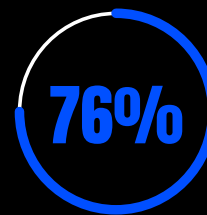
Strong membership and recruitment and retention numbers reinforced the optimistic outlook. Nearly 75% of our panel reported an increase in membership last year, and 62% said retention increased. National workforce trends – from the "Great Resignation" to rapidly changing technology – likely drove demand and investment in professional development, training and education.

Technology also played a role in the success story. Ninety-five percent of associations reported using business analytics to drive decisions at least some of the time. And most respondents expressed confidence in the validity and comprehensiveness of their data.

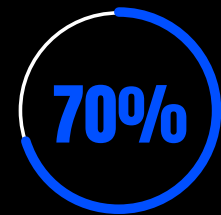
# 228

professional and trade association leaders surveyed

## Top employee challenges reported

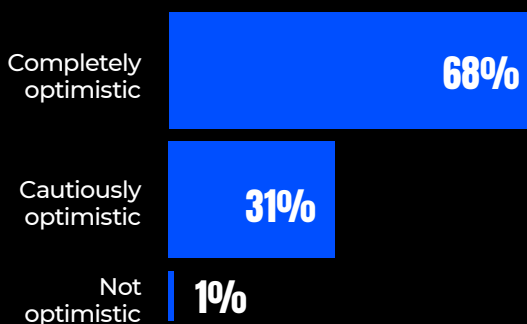


Recruitment



Retention

## How optimistic about current financial viability?



## A cloud in the forecast

Despite having strong financials, growing membership and access to solid data, one thing is getting in the way of a storybook ending: staffing.

Over 70% of associations have struggled to attract and retain employees in a tight labor market, and succession planning is an issue for smaller (<\$250M revenue) and trade associations. Almost 40% of smaller and trade associations are operating without a leadership succession plan.

Trade associations cited "leadership transitions" as their top challenge, while professional and large (\$500M+ revenue) associations said their top concern was "agility to adapt to an ever-changing environment."

## Looking ahead

Overall, associations are confident in their financial health, happy with their technology and optimistic about their prospects for growth. These strong fundamentals can serve as launching points for innovation.

Almost 80% of respondents said they're at least "somewhat likely" to consolidate or merge with another organization in the next two to five years. Since they're not seeking financial stability, associations may be merging to expand their reach and influence, adapt to market changes or enhance service delivery and member value.

Eighty percent of associations plan to increase technology spending in the next 12 months. They plan to spend more on data analytics, artificial intelligence (AI) and customer relationship management (CRM) systems, among other capabilities.

All associations need to invest in staffing plans, technologies and strategies that build agility. Professional and trade associations play a critical role in workforce development, standard-setting and innovation, and they champion a broad range of public interests. Their health and prosperity are essential to advancing industries and professional development overall.

### How likely are you to merge/consolidate with another association in the next 2-5 years?

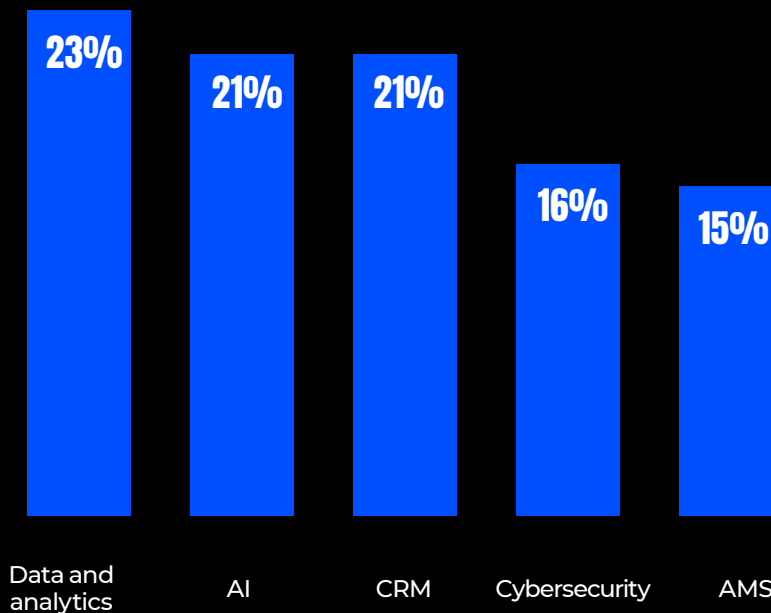
Somewhat likely

48%

Very likely

30%

### Which technology represents your largest spending increase in the next 12 months?





# The economic outlook

## The economic outlook for associations is overwhelmingly positive.

Ninety-nine percent of associations are optimistic about their financial viability, with 68% reportedly being “completely optimistic” and nearly a third saying they are “cautiously optimistic.”

About 77% of associations said their financial viability is the same or better today compared to a year ago. Large associations (\$500M+ revenue) reported the most improvement, with 84% reporting higher financial viability today.

Only 3% of associations believe their financial viability is lower today than 12 months ago. Among those, trade associations were more likely to have a dimmer outlook.

What’s driving such strong confidence levels? Nearly 90% of associations believe their financial resources are effectively managed, and 85% have a plan for long-term financial stability. About 8 out of 10 associations said their leadership teams have strong partnerships with board members and their organizations have diverse sources of funding.

Technology is also driving confidence. As associations transition to cloud-based accounting tools, they gain real-time access to key financial data. That increases transparency around key performance metrics and facilitates collaboration between association leaders, staff and board members.



While associations are confident in their finances, they aren't complacent. More than half (52%) of associations are focusing on member engagement and experiences to drive revenue. Forty-one percent offer training and education, and 37% are partnering with other associations to increase profit.

In addition, mid-size (\$250M-\$500M revenue) and professional associations are offering certificates to create new revenue streams. Large associations are more likely than smaller ones to market specifically to younger members.

Technology is a throughline in all these strategies, too.

Respondents said they use CRMs and other tools to automate member registration, payment processing and renewals. Association management software (AMS) and learning management systems help track coursework and hours toward certifications. And marketing and collaboration tools are certainly digital.

It will be interesting to see how far collaboration takes associations, as it could be the testing ground for new business models. On average, 78% of associations said it's likely they'll consolidate or merge with another association in the next two to five years.

Two opposing scenarios could be driving consolidation. In some industries, the number of associations increased. New organizations were created to address emerging or narrowly specialized fields. To evolve and grow, these organizations will need to hire to build or "poach" talent from other associations. In this tight labor market, pooling resources into one umbrella organization may be a more attractive (and more affordable) alternative.

Conversely, some older associations were founded to solve problems that don't exist anymore. To stay relevant and meet members' standards, they need to seriously invest in technology and strategy – or merge with like-minded organizations that are equipped to carry the torch.

Based on our survey, professional associations are more likely to consider consolidation than trade associations (82% vs. 68%), and mid-size organizations are almost twice as likely to merge than smaller (<\$250M revenue) associations (90% vs. 48%).

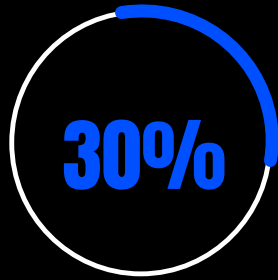
These mergers could help associations tap into adjacent markets, expand their portfolios or fill

critical talent gaps. Mergers may also decrease competition for members and help associations present a more powerful unified appeal to funders, legislators and regulators.

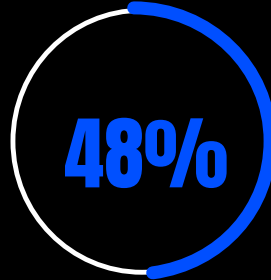




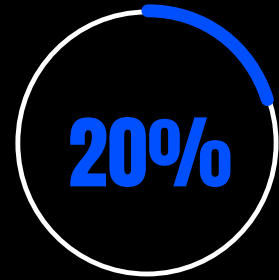
# How likely are you to consider merging/consolidating in the next 2-5 years?



Very likely



Somewhat likely



Not likely



# Membership

Seventy-four percent of associations reported an increase in membership, while 9% said their member numbers were flat.

Overall, associations retained more members last year, too. Retention increased for 62% of our panel.

Three-quarters of responding associations said their AMS was a key contributor to member engagement, and about 80% said they can segment, use and report on member data efficiently with their AMS.

Associations said they're finding new ways – both digitally and in person – to connect with members, and they cited four main strategies for increasing member engagement: enhanced communication, networking, new programming and events.

These strategies reflect a recent attitude shift. Fatigued by virtual events, many professionals have a renewed appreciation for in-person learning and interaction. As more employees work from home or in hybrid arrangements, they've become more open to travel.

According to CVENT, an event management software company, check-in data for spring in-person attendance was 34% higher in 2023 than the previous year – and 23% higher than pre-pandemic levels.



## Most effective strategies leading to member engagement

**35%** Enhanced communication

**21%** New programs

**25%** Networking/community

**19%** Events



# Technology

Virtually all associations in our survey (95%) reported using business analytics to make decisions at least some of the time. Forty-nine percent said they use business analytics in decisions most of the time.

This means associations have enough data to use analytics and trust their data and tools. These associations see technology as a meaningful supplement to intuition and business experience.

Eighty-five percent of associations believe their data is valid, and 81% think their data is complete, easy to use and easily understood. Likewise, 86% of panelists are satisfied with their current business analytics solutions.

When it comes to AMS, 82% of associations think their current solution is sufficient for their organization's size, scalable and integrated with other systems.

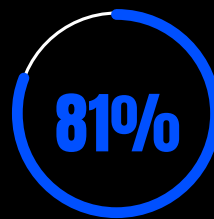
It's no surprise then, that most associations plan to invest in winning strategies.

More than 80% of professional associations and 76% of trade associations intend to increase their technology spending in the next 12 months. Mid-size (\$250-\$500M revenue) associations showed the strongest investment intent, with 91% planning to increase their technology spending.

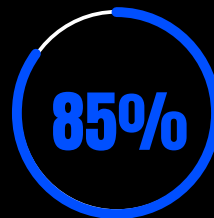
**Spending priorities varied slightly by association type and size. More professional, mid-size and large (\$500M+ revenue) associations intend to spend money on data analytics and AI, while trade associations and smaller (<\$250M revenue) associations are focusing on CRM capabilities.**

AMS ranked lower on the spending priority list, presumably because associations are satisfied with the status quo.

Cybersecurity also ranked lower on the investment list, with only 16% of associations planning to increase spending. However, 77% of panelists said they have an effective data security plan. As associations grow and add programs and events, they need to revisit their cybersecurity plans to ensure they scale appropriately.



report their data is complete.



report their data is valid.

# Organizational challenges

A vast majority of associations (94%) believe their business activities align with their mission and goals, and 87% think their vision is adaptable enough to accommodate industry and market changes.

Yet agility is top of mind. The No. 1 challenge cited by panelists overall was “agility to adapt to an ever-changing environment.” Agility was also the top challenge for professional and large (\$500M+ revenue) associations.







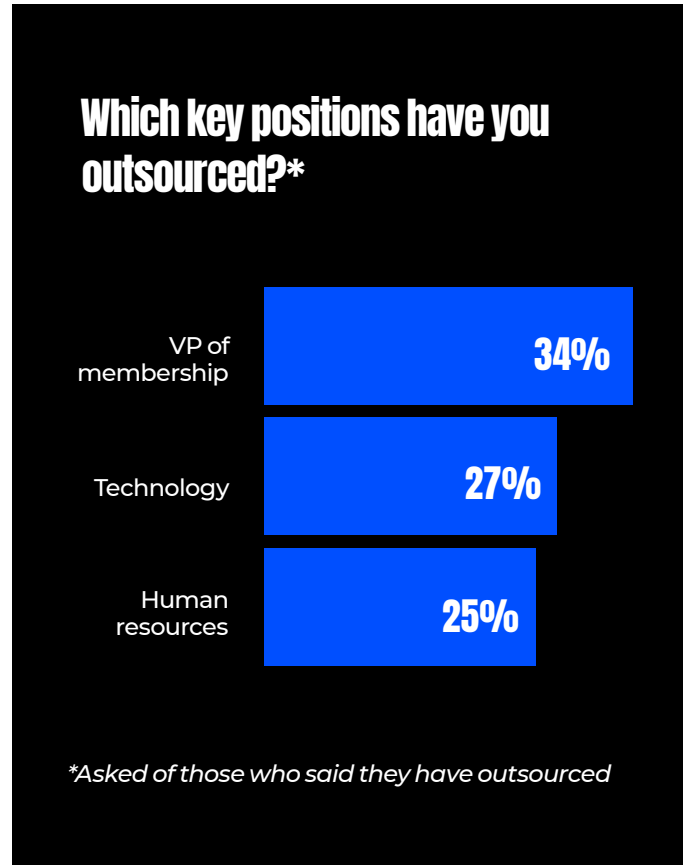
Additional challenges were named – but they ladder up to agility. For example, professional associations are concerned about staffing, and trade associations’ top worries are related to leadership transitions and securing new sources of revenue. Digital transformation is another top concern with strong ties to agility.

Staffing can also derail agility. About three-quarters of our panel said employee recruitment is a major challenge, and 70% said they struggle with employee retention.

The generational shift toward younger workers may be working against associations, especially if they haven’t established a strong brand reputation or adopted modern recruitment methods. Associations need to sell their value proposition to a new class of professionals with different expectations around learning and work.

To address recruitment and retention challenges, associations have provided or increased training and development, added benefits and perks, and offered remote work options.

Nearly a quarter of associations responding have outsourced key positions or functions to fill strategic staffing gaps. Membership roles were outsourced most often, followed by IT and HR positions.



Only 11% of associations said they use automation to address staffing challenges, which presents an untapped opportunity. Organizations that leverage technology to overcome staffing issues said they use tools to facilitate finance and reporting, membership tracking, communications and routine IT tasks.

# Key insights

One good thing can lead to another. In this case, financially healthy and confident associations can focus on building an even brighter future.

Associations should look for ways to gain agility and future-proof their membership rosters, revenue streams and relevance. They need to find creative ways to expand the value of membership – and their value proposition for employees.

Most associations plan to increase their technology budgets and spending next year – and there’s no time to waste. Digital transformation and automation are underutilized, especially as a staffing stopgap. The potential for AI will only expand as generative capabilities grow. Associations must leverage technology to gain agility.

Associations can use their data – which they say is plentiful and good – to nurture members and increase engagement. Member engagement scoring is a good starting place. It provides baselines and measurable goals and can help associations understand which activities drive engagement.

With data, association leaders can begin to predict member responses and desires, rather than reporting on historical interactions. New AI tools can recommend adjacent services or resources based on member behavior or initiate conversational engagements at scale. For example, associations could use texting or chatbots to connect with members at events or during pivotal moments in the membership calendar.

CRMs and other tools make it easier to capture members’ interests and create meaningful audience segments. With a data-led engagement strategy, associations can send more personalized and relevant messages to different member segments.

Right now, associations say they’re confident in their data. They need to sustain their confidence as data sources and systems grow.

Many associations plan to consolidate or merge in the near future. If they do, data will be the most

valuable asset gained or exchanged in the deal. Ahead of consolidation, associations need to evaluate each entity’s systems, data sources, governance models and security practices. They also need to develop a framework for data ownership, standards and support, in addition to implementation and change management plans.

Choosing the right systems and tools can ease some of the burden on employees, too. Streamlined processes and automation allow employees to focus on tasks and members they care about, which makes their work more fulfilling.

Outsourcing is another underutilized avenue to agility. Outsourcing can help associations quickly gain new capabilities, launch initiatives and support overworked teams. As older workers set to retire, outsourced talent can help associations retain deep industry expertise – or tap into it exactly when they need it.

For nonprofits with less than \$10 million in assets, the challenges are more pronounced.

These smaller organizations often operate with limited resources, making it difficult to keep pace with larger counterparts in terms of technology adoption and data utilization. Yet, the need for transformation and data-driven decision-making is even more critical for them. Without the ability to leverage technology and data effectively, these smaller nonprofits risk falling behind in an increasingly competitive and digital landscape.

By adopting these practices, they can gain the agility and efficiency needed to thrive despite their size and resource constraints. Investing in the right tools and strategies now will empower these nonprofits to not only survive but also to drive meaningful impact in their communities, helping to ensure they can continue to fulfill their missions in a sustainable way.

Larger associations aren't operating in the same crisis mode, which means they have time and resources to innovate and dream. Their wish list includes a deep and stable talent bench and modern approaches to new business challenges. If they pursue new technologies with a strategic and curious mindset, there’s no doubt they can maintain their financial security.





# PROGRESS THROUGH PROCESS.

Your team is capable of great things. Give them the tools to become more efficient, maximize their skills and grow your membership base.

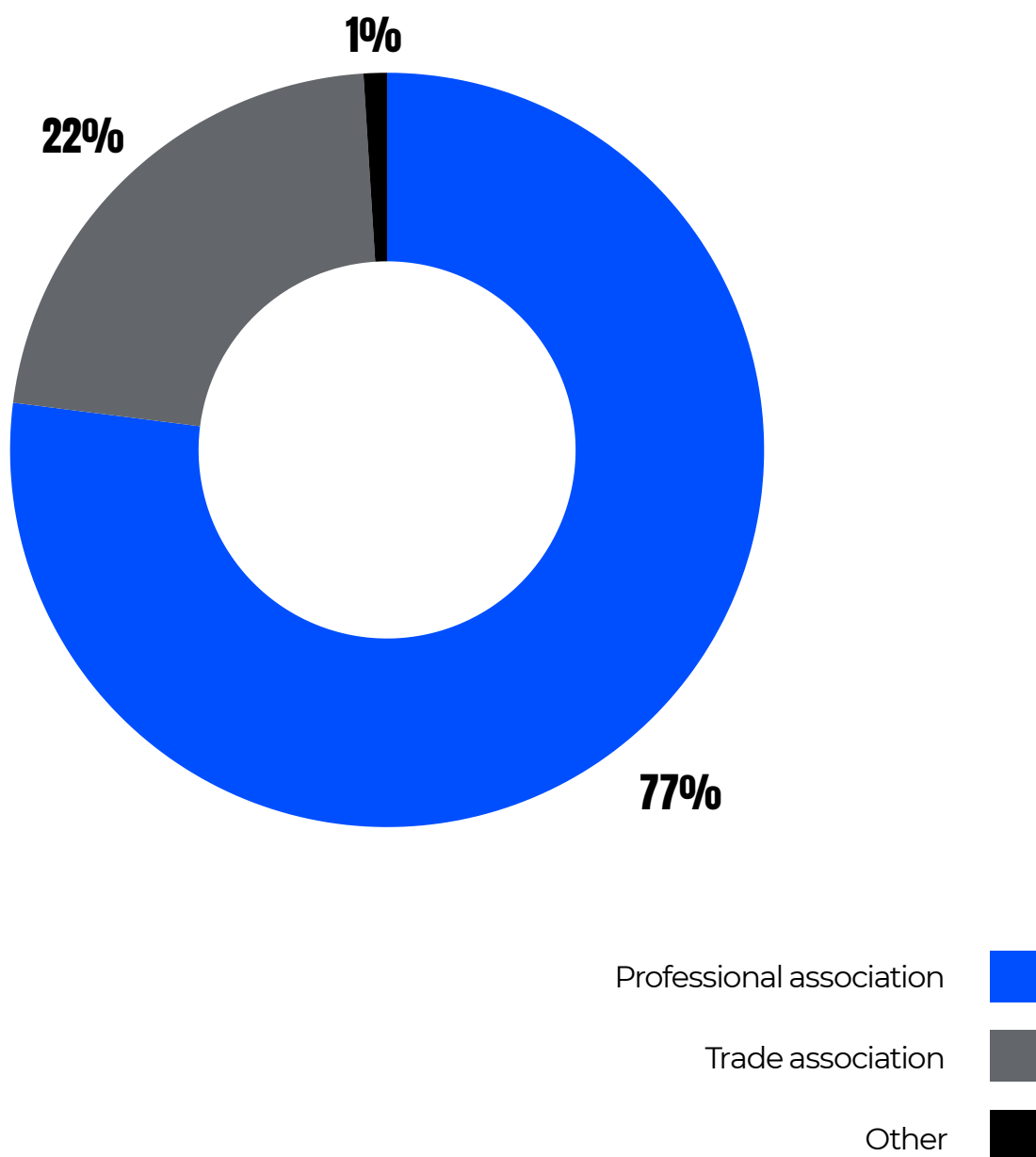
Visit [wipfli.com/associations](https://wipfli.com/associations).

## Appendix: The raw data

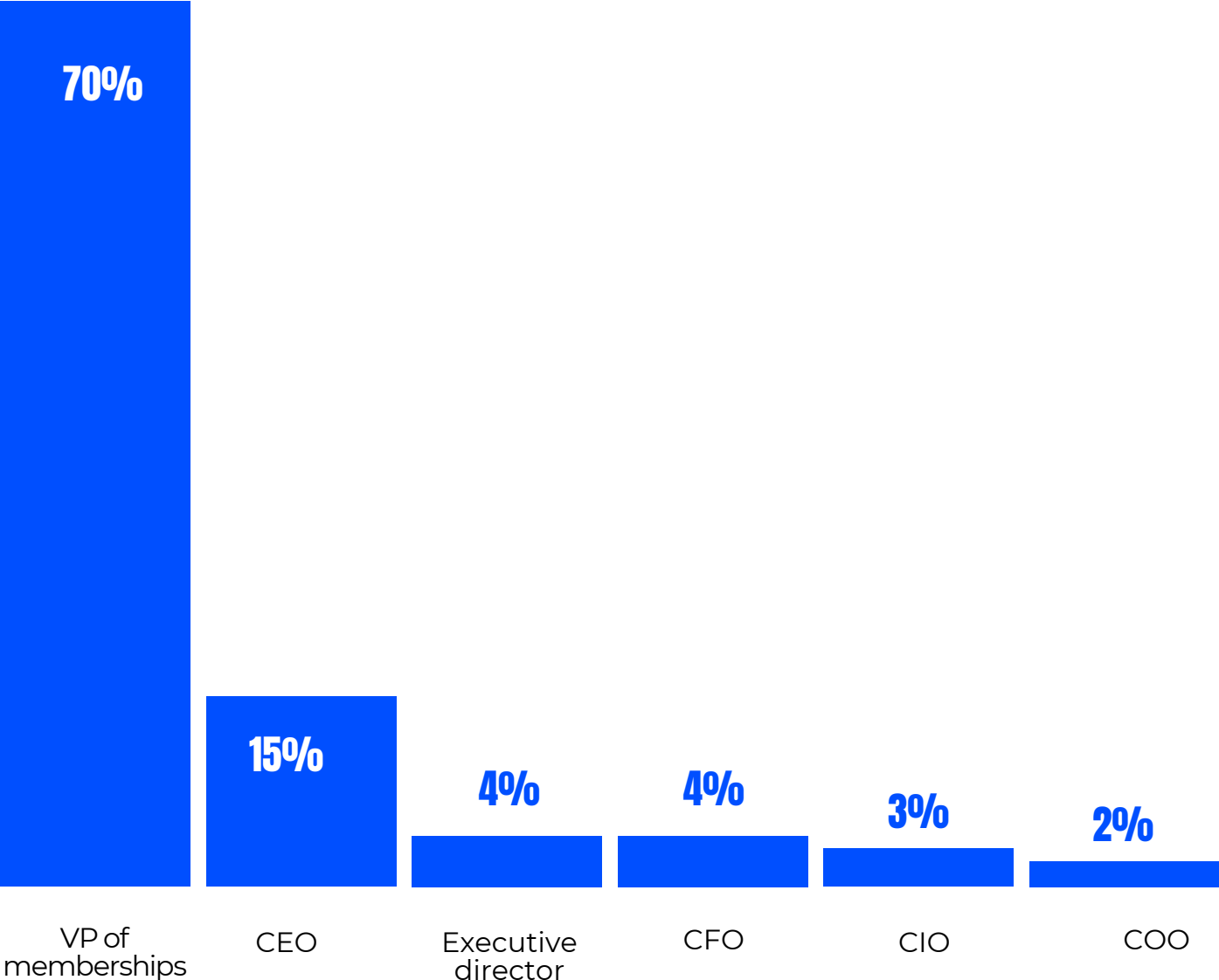
Here is a deeper dive into the data Wipfli collected from 228 association leaders May 1-17.

*Percentages may not equal 100% due to rounding.*

### 1. Which best describes your association?

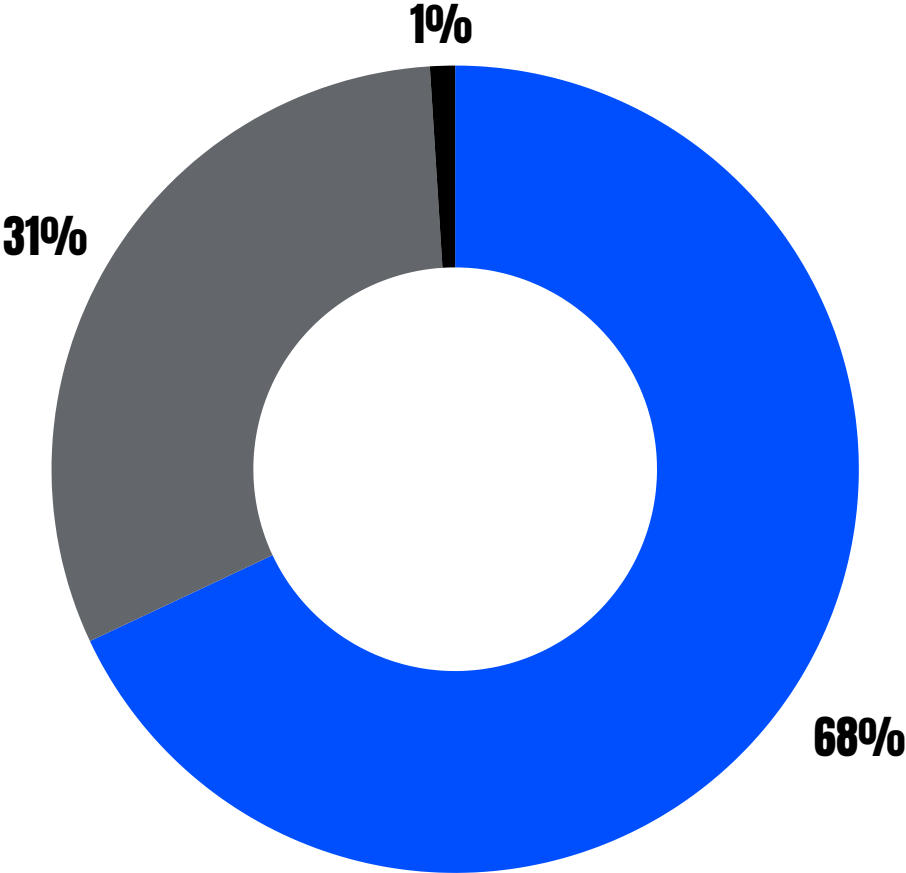





## 2. Which best describes your association?



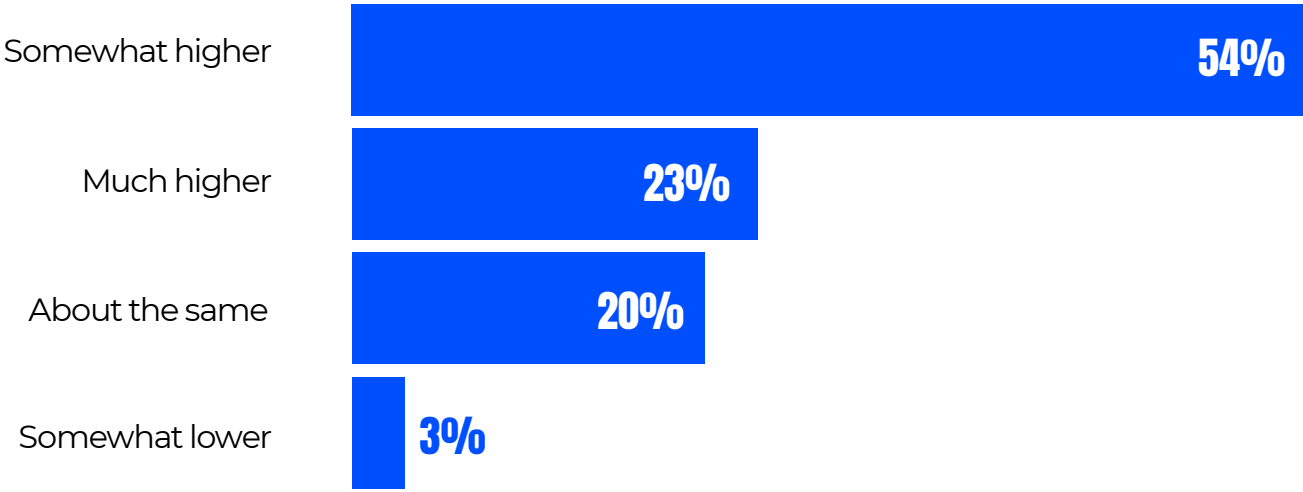


### 3. How optimistic are you regarding the current financial viability of your association?

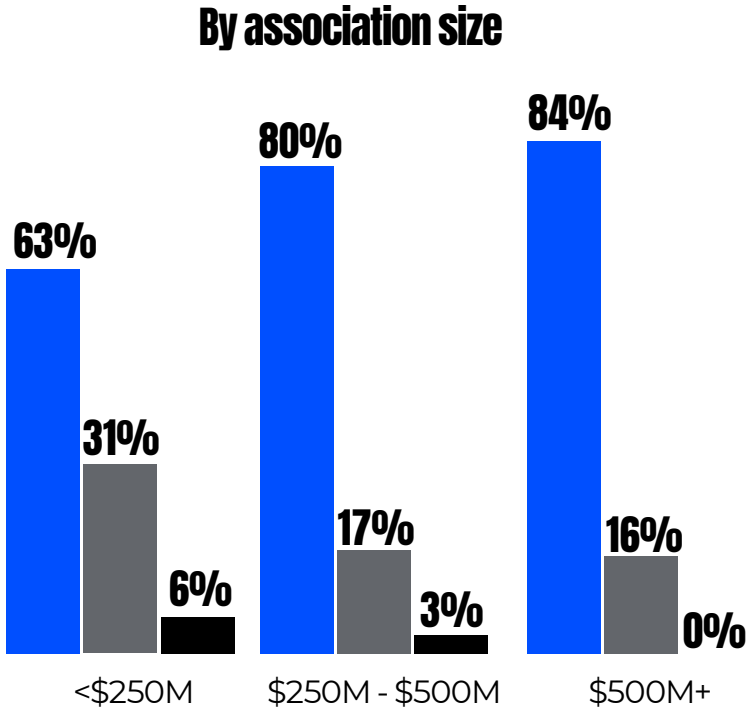
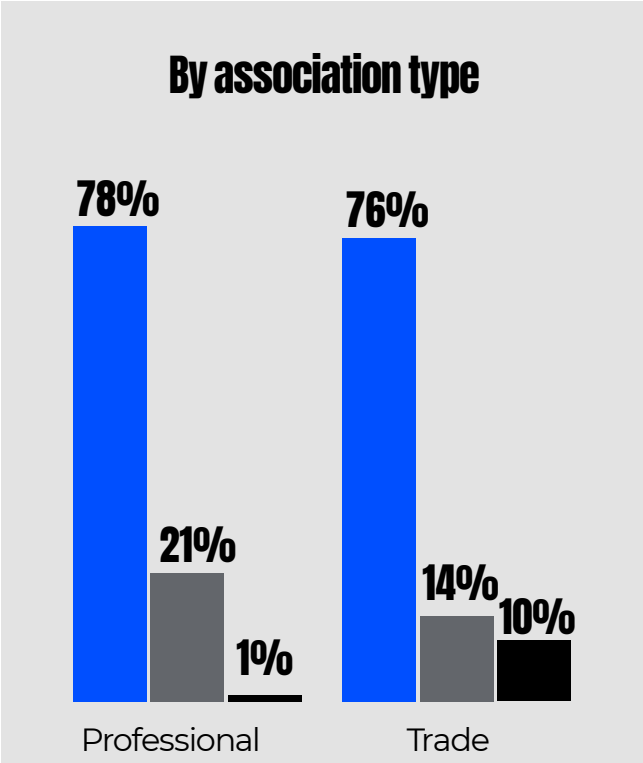


- Completely optimistic 
- Cautiously optimistic 
- Not optimistic at all 

# 4. Which statement describes your association's level of financial viability as compared to a year ago?



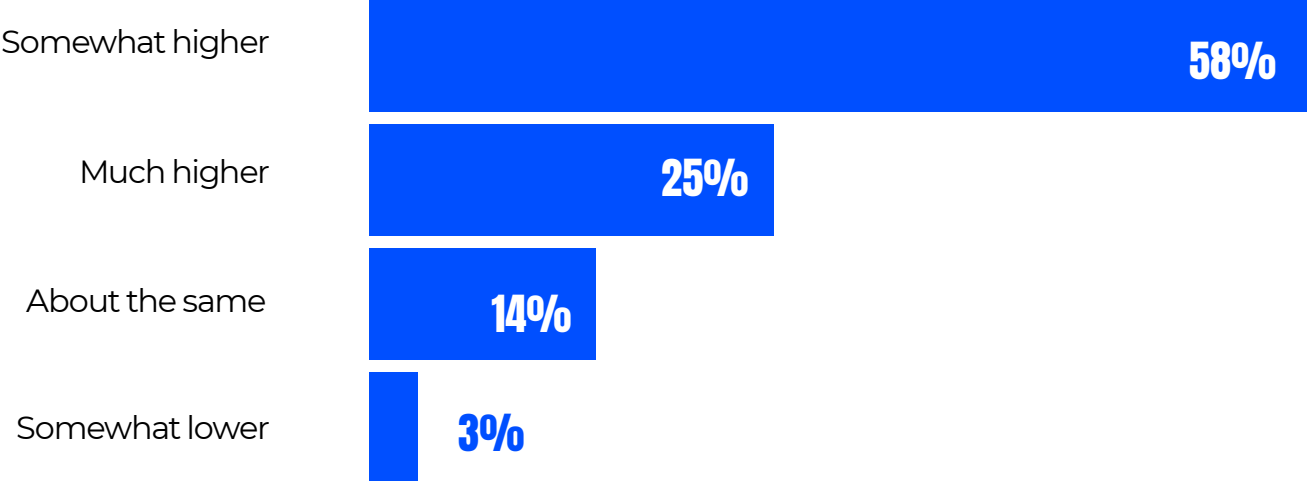
A breakdown of financial viability responses based on association type and size:



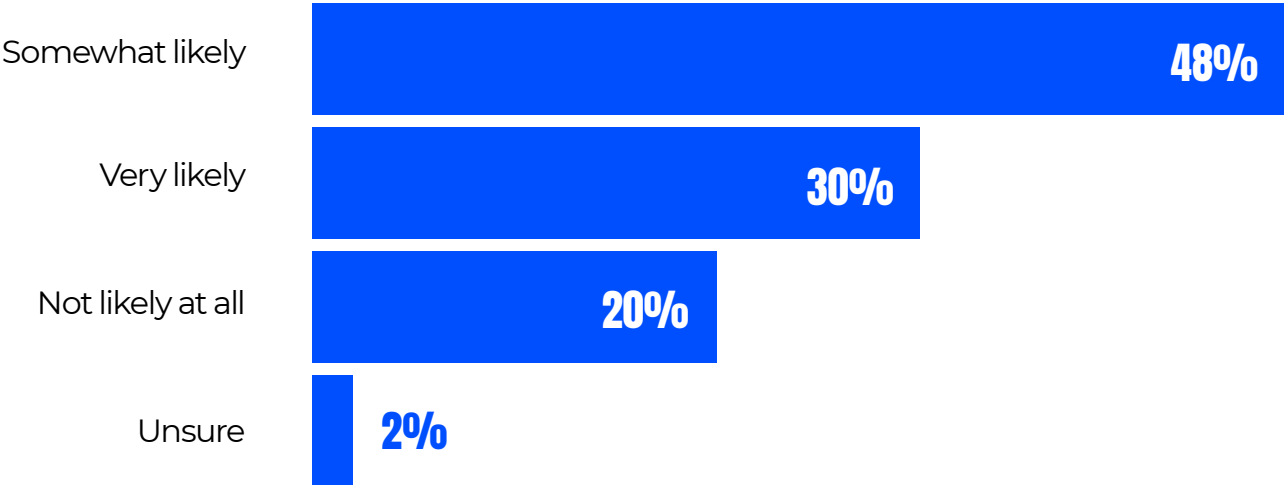
■ Higher    
 ■ Same    
 ■ Lower



## 5. Which statement describes your association's level of financial viability as compared to five years ago?



## 6. In the next 2-5 years, how likely is your association to consider merging or consolidating with another association?



# 7. Please rate your agreement with the following statements related to financial confidence at your association.

Our financial resources are effectively managed to support its mission and activities.



Our funding sources are diverse beyond a few large sources.



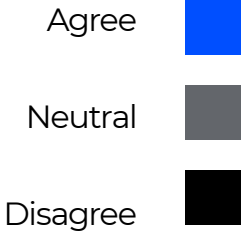
We have a long-term financial sustainability plan in place.



We effectively manage risks that could impact our financial stability.

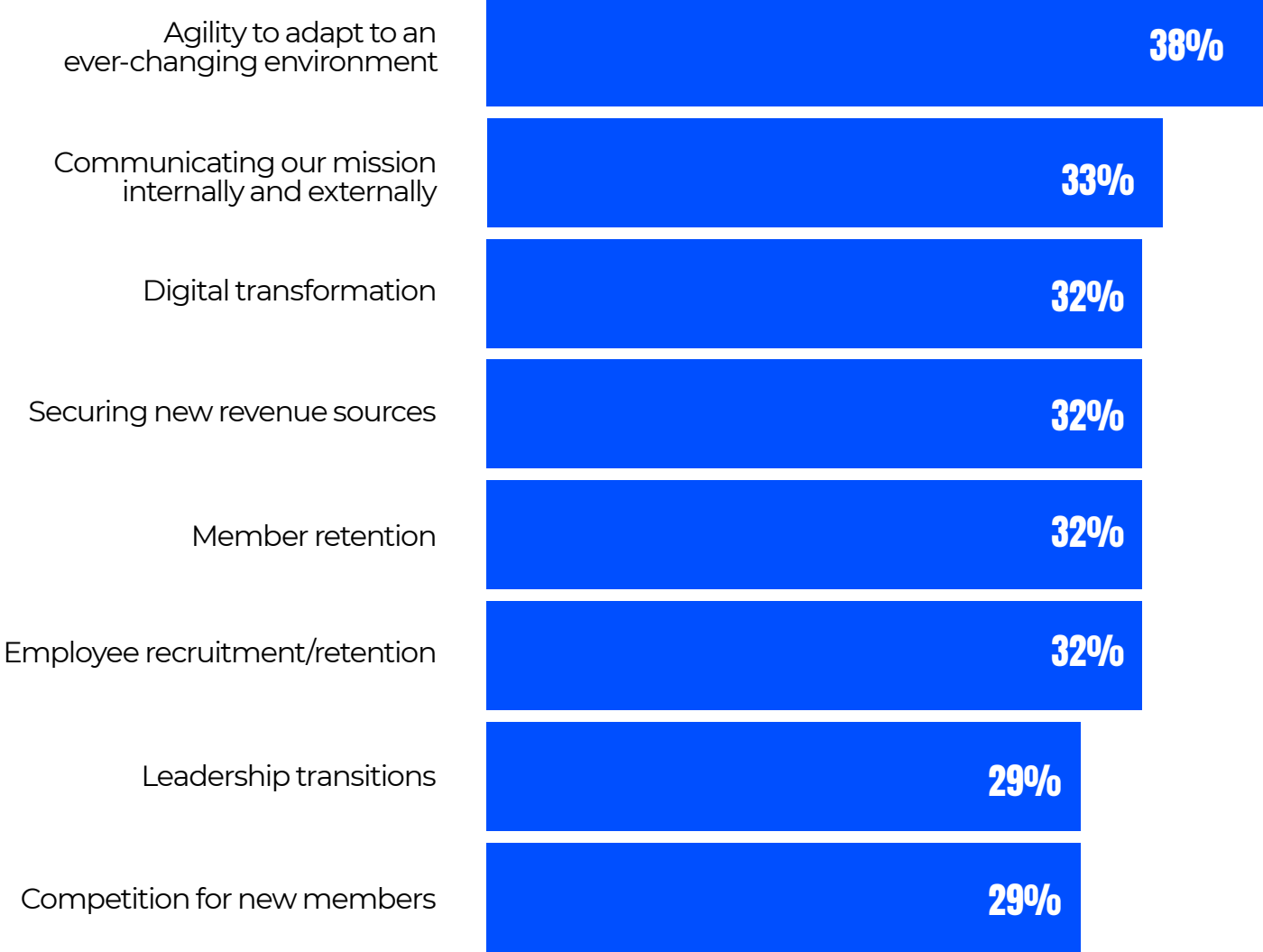


Our leadership team and board have a strong partnership sharing fiscal responsibility.





**8. Of the following, what are the top three challenges currently facing your association?** (Select no more than three.)



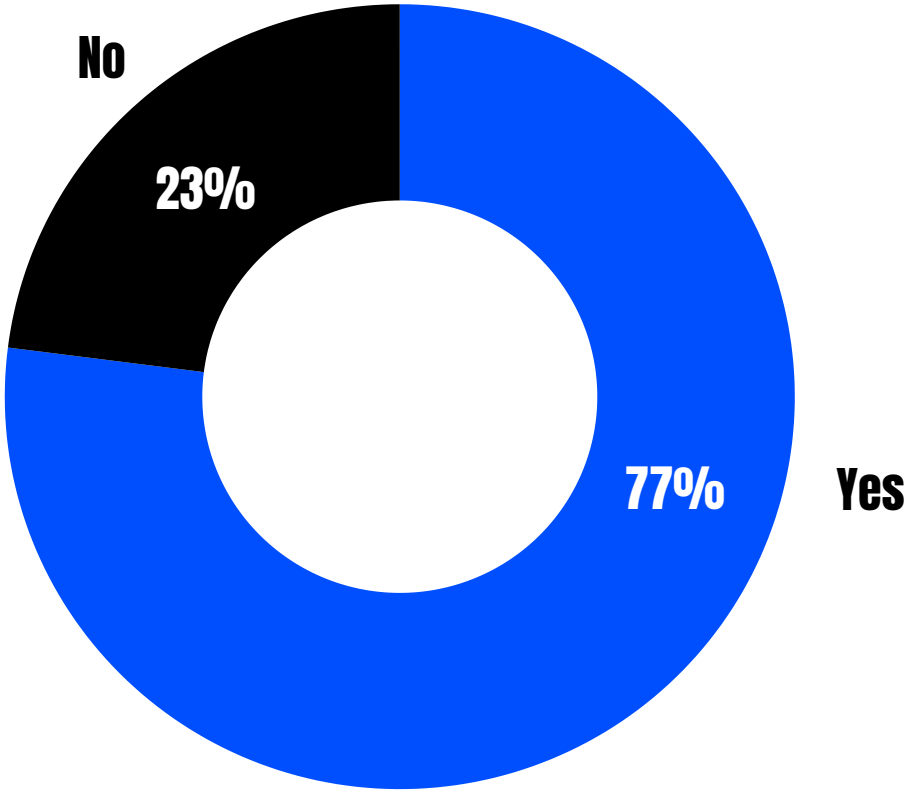
*Responses broken down by type of association and revenue*

Top challenges	Association type		Association revenue		
	Professional	Trade	<\$250M	\$250 - \$500M	\$500M+
Agility to adapt	39%	32%	35%	29%	49%
Communicating our mission	33%	36%	31%	24%	45%
Digital transformation	33%	30%	30%	36%	30%
New revenue sources	30%	40%	44%	32%	23%
Member retention	36%	22%	28%	36%	31%
Employee recruitment/retention	37%	18%	35%	33%	29%
Leadership transitions	25%	44%	26%	38%	21%
Competition for new members	30%	24%	28%	31%	26%

### 9. How does your membership compare to the prior 12 months for:

	Increased	Decreased	No change
New memberships?	74%	18%	9%
Retention level?	62%	21%	18%

### 10. Does your association have a leadership succession plan?





**11. Please rate your level of agreement for the following statements on a scale of 1 to 5, with 1 being “disagree” and 5 being “completely agree.”**

Employee recruitment has been a major challenge.




Employee retention has been a major challenge.



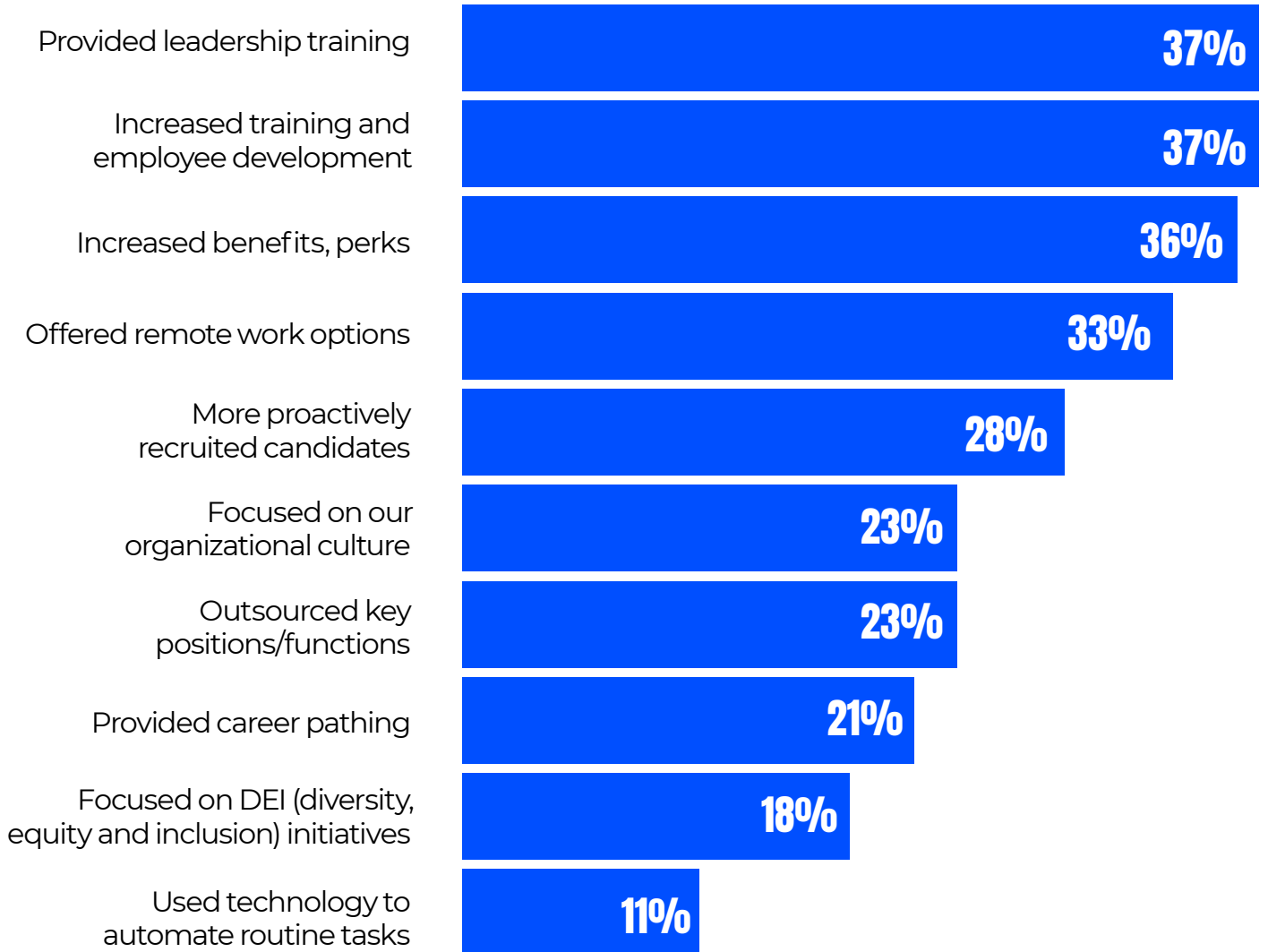
Agree 

Neutral 

Disagree 

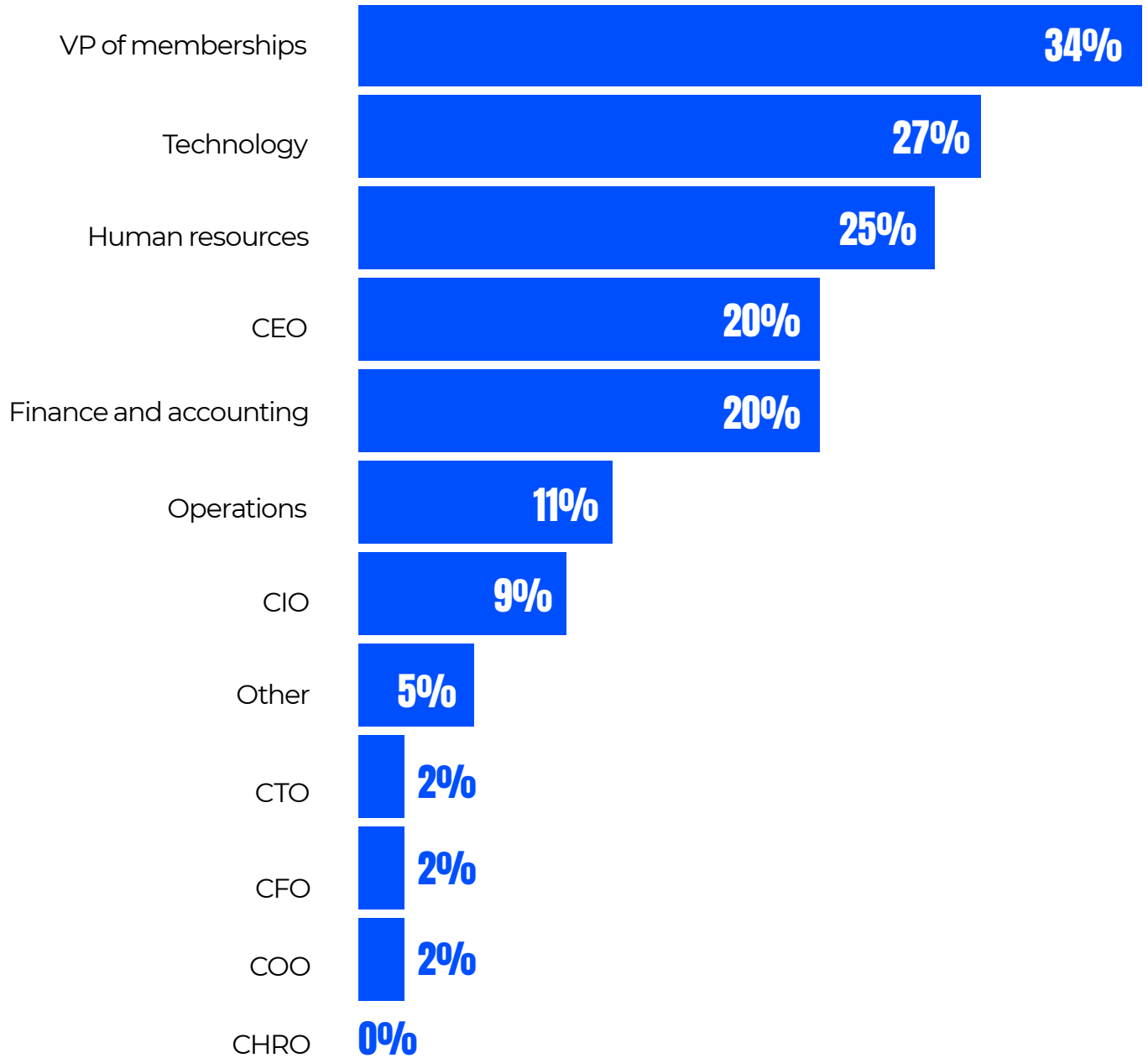
## 12. Which of the following methods have you used successfully in the last year to help address your recruitment/retention challenges?

(Select all that apply.) (Asked of those selecting 4 or 5 on Q11.)



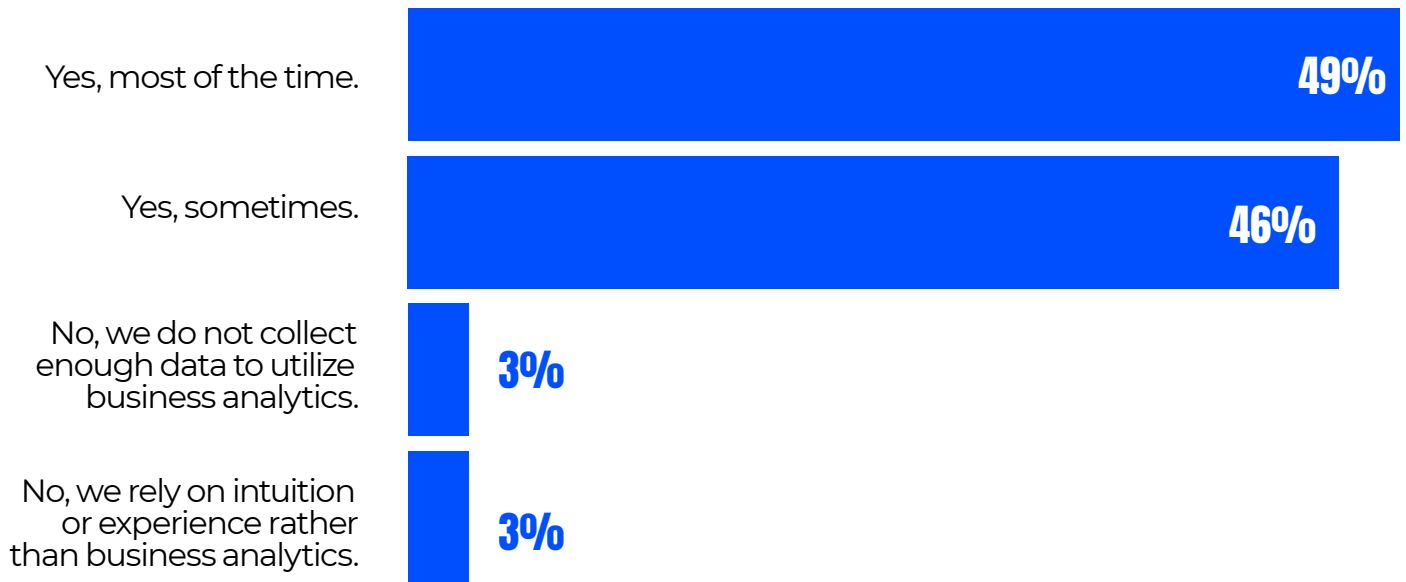
### 13. Which key positions or functions did you outsource?

(Select all that apply.) (Asked of those selecting “Outsourced key positions/functions” on Q12.)



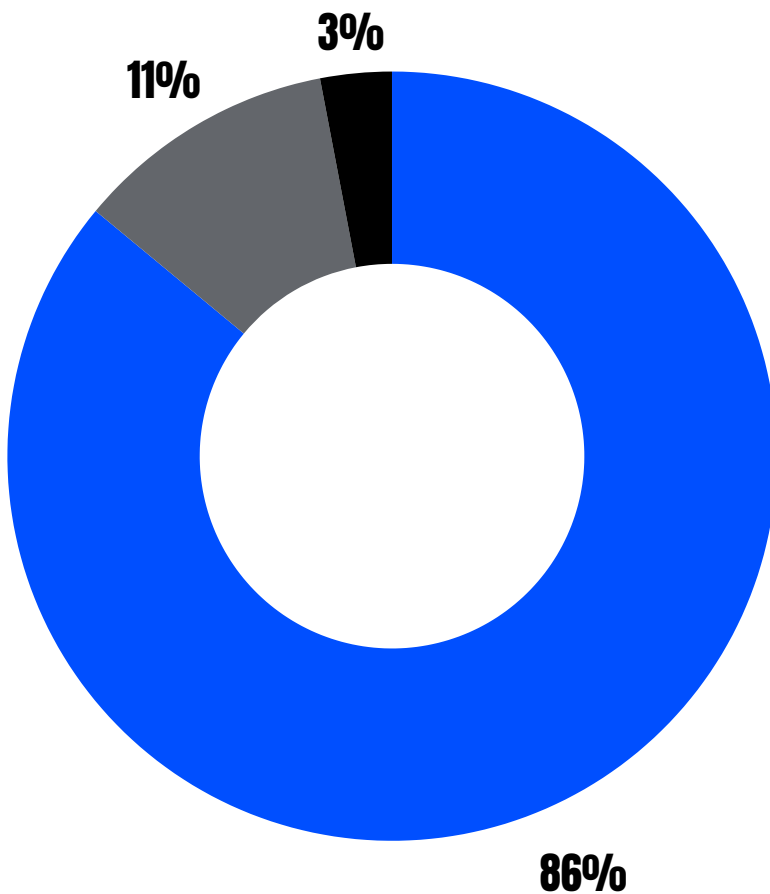


## 14. Does your association utilize business analytics to make data-driven decisions?

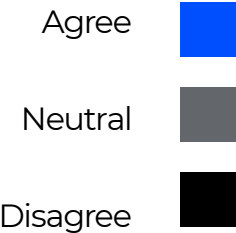
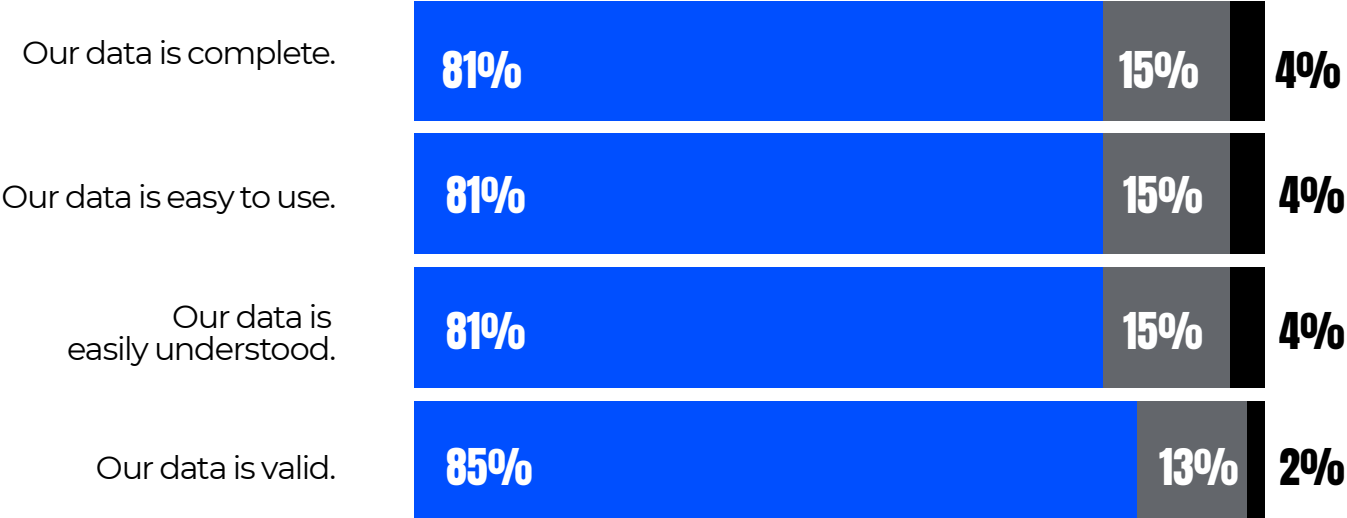


**15. Overall, how satisfied are you with your business analytics solutions? Please rate on a scale of 1-5, with 1 being “not satisfied” and 5 being “extremely satisfied.”**

(Asked of those selecting “Yes, most of the time or “Yes, sometimes” on Q14.)

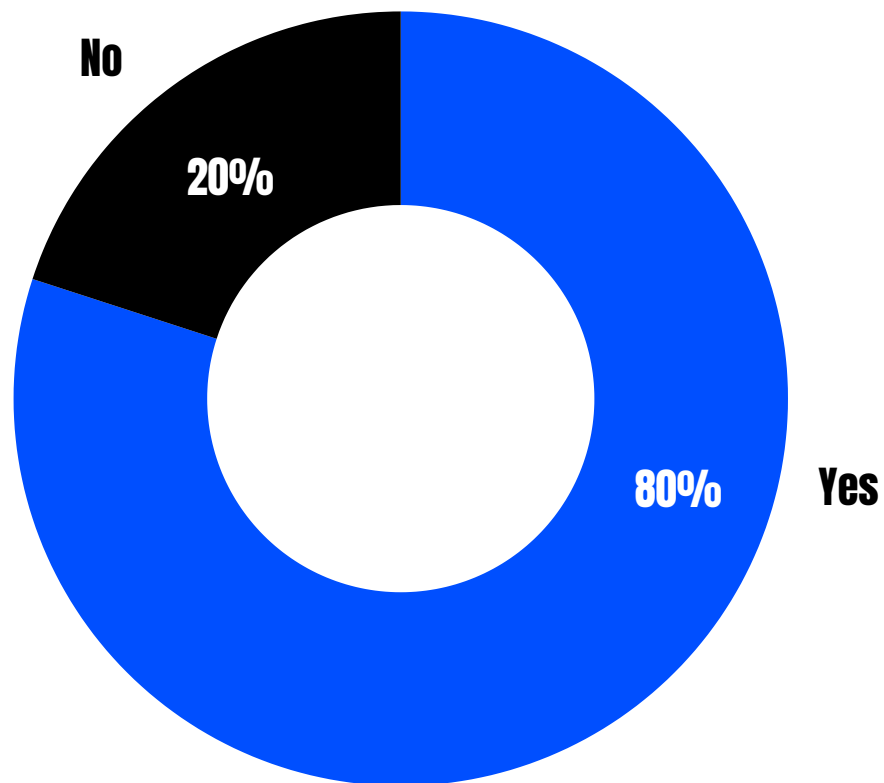


**16. Please rate your level of agreement with the following statements. Rate on a scale of 1-5, with 1 being “disagree” and 5 being “completely agree.”**



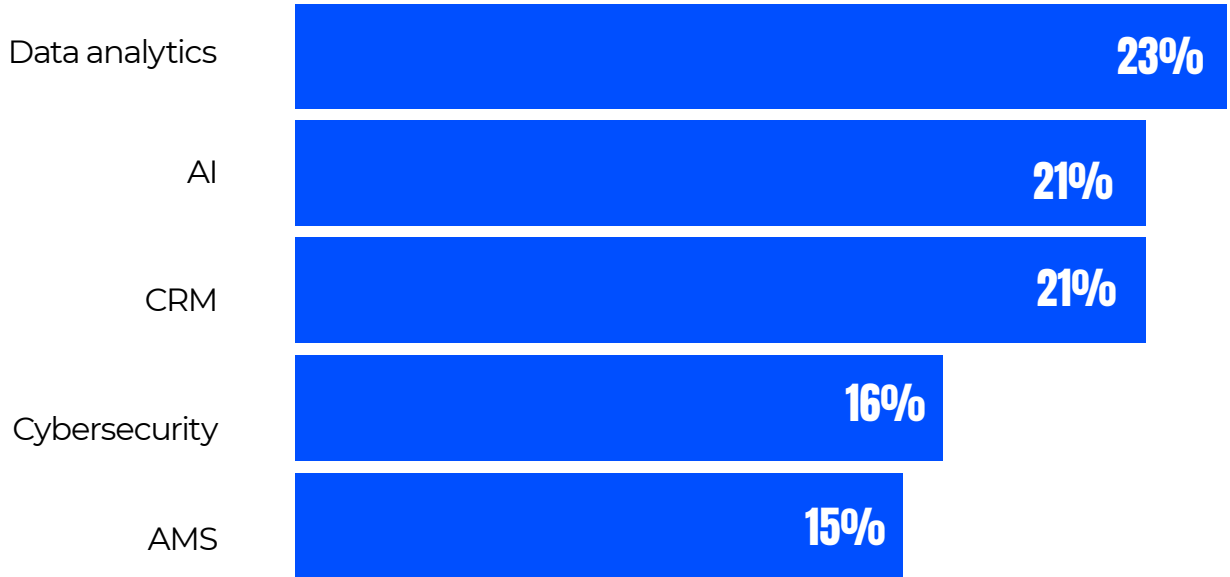


## 17. Do you plan to increase your technology spending in the next 12 months?



## 18. Of the following technologies, which one represents your largest spending increase in the next 12 months?

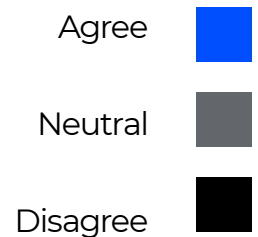
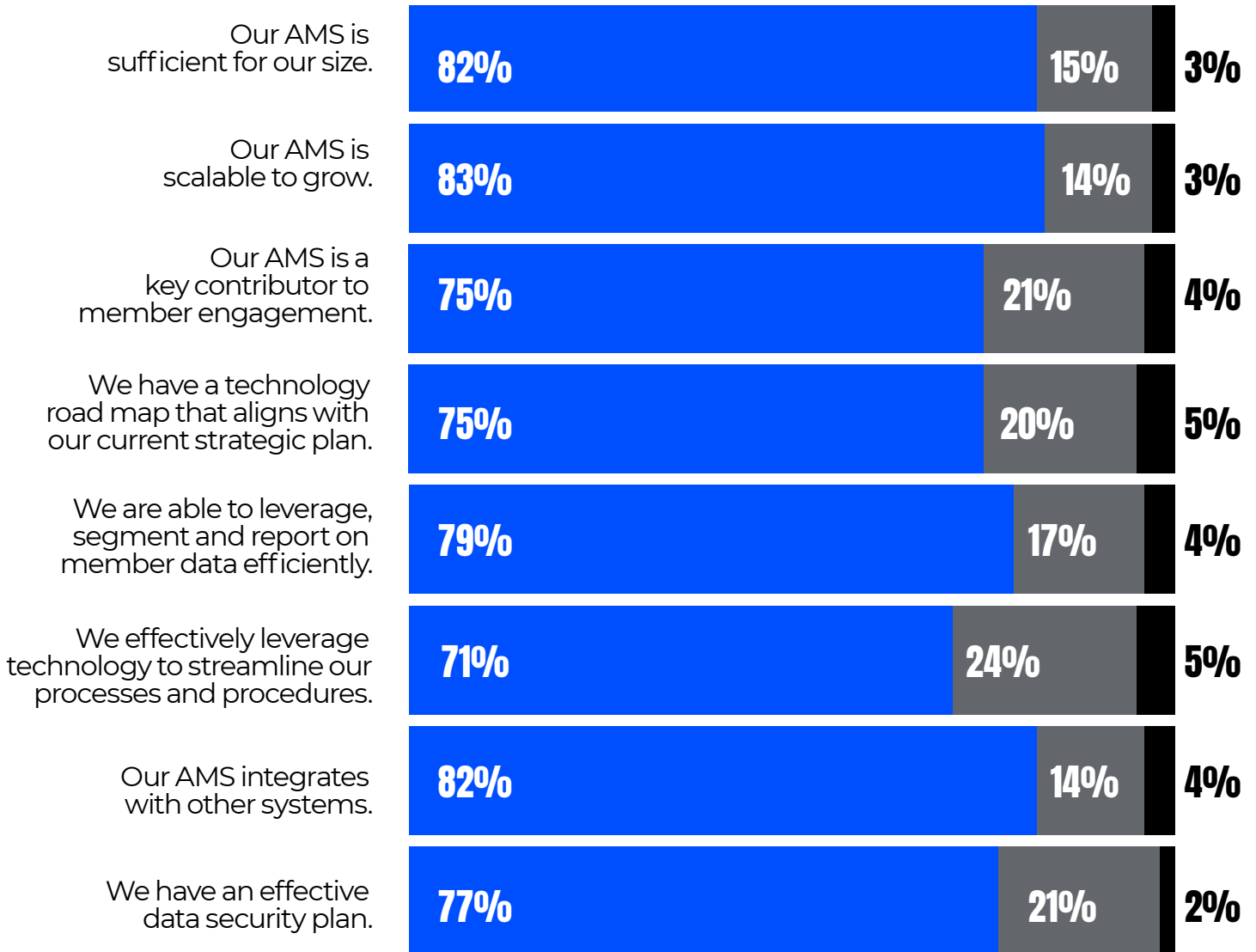
(Asked if said yes to Q17.)



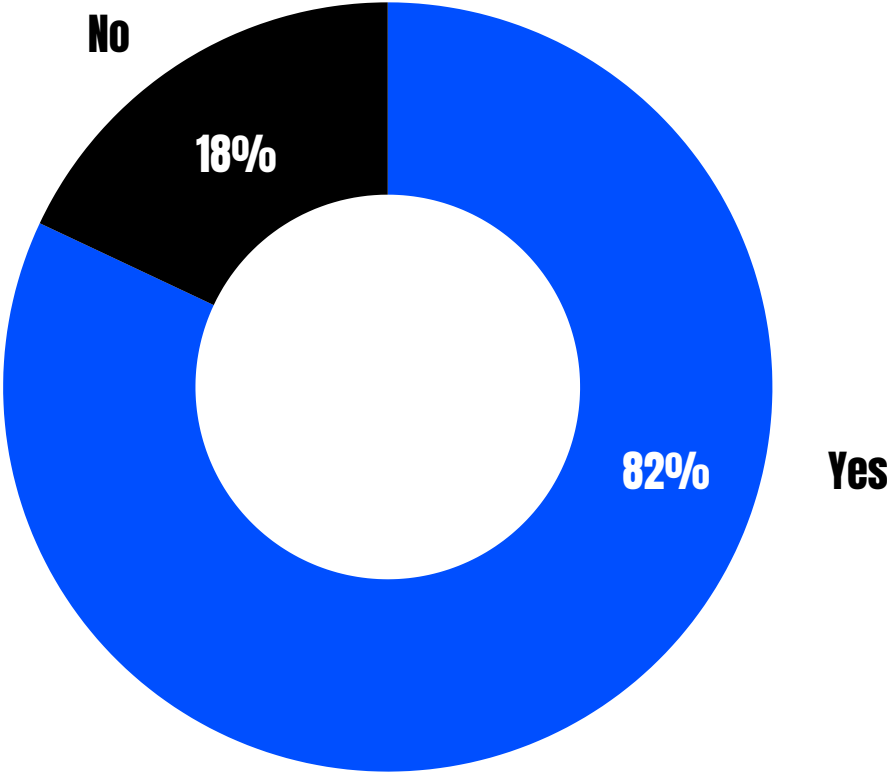
*Technology spending broken down by association type and size*

Increase tech spend?	Association type		Association revenue		
	Professional	Trade	<\$250M	\$250 - \$500M	\$500M+
<b>Yes</b>	82%	76%	72%	91%	74%
<b>No</b>	18%	24%	28%	9%	26%

# 19. Please rate your agreement with the following statements related to technology at your association.



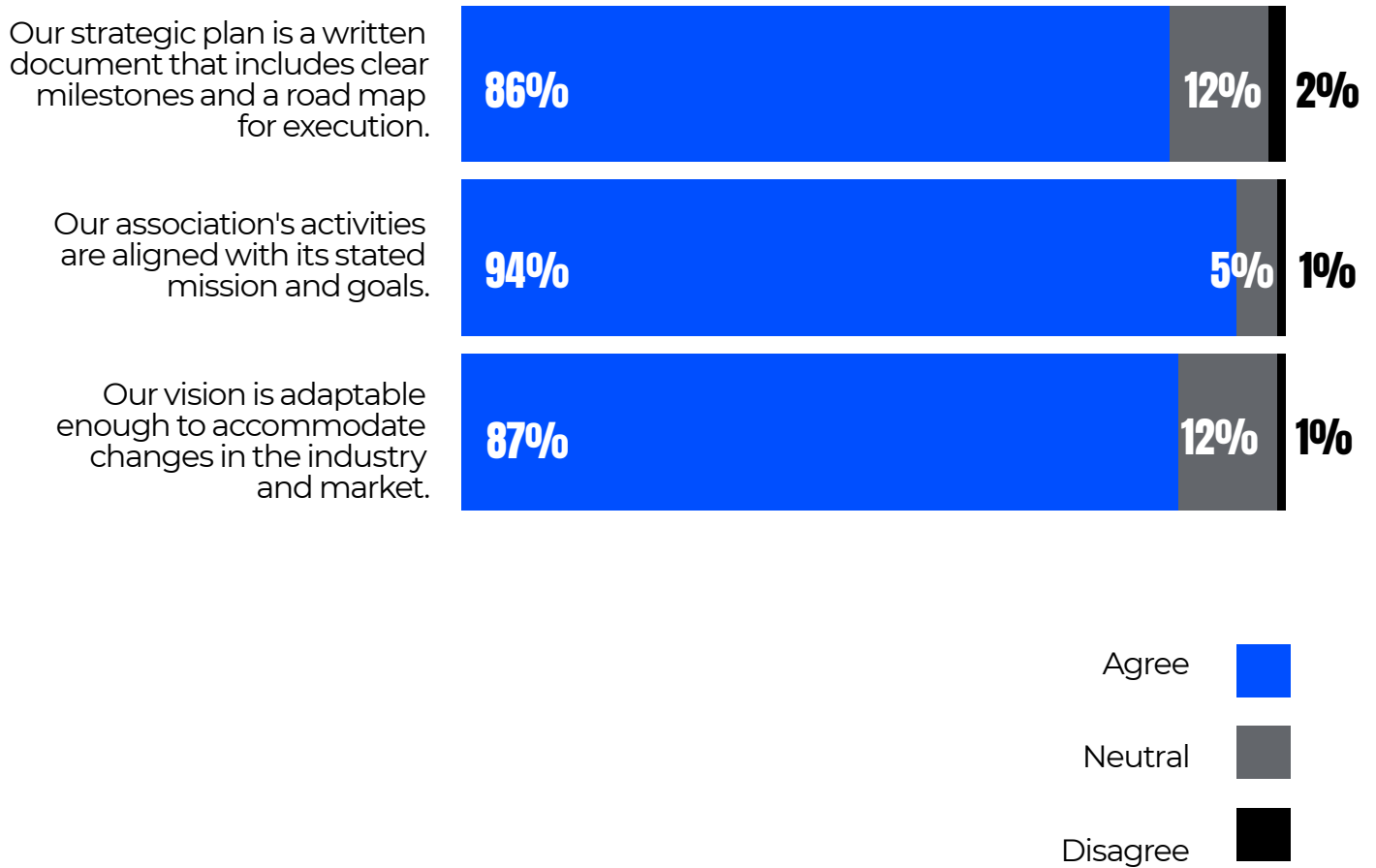
**20. Does your organization have a strategic plan?**





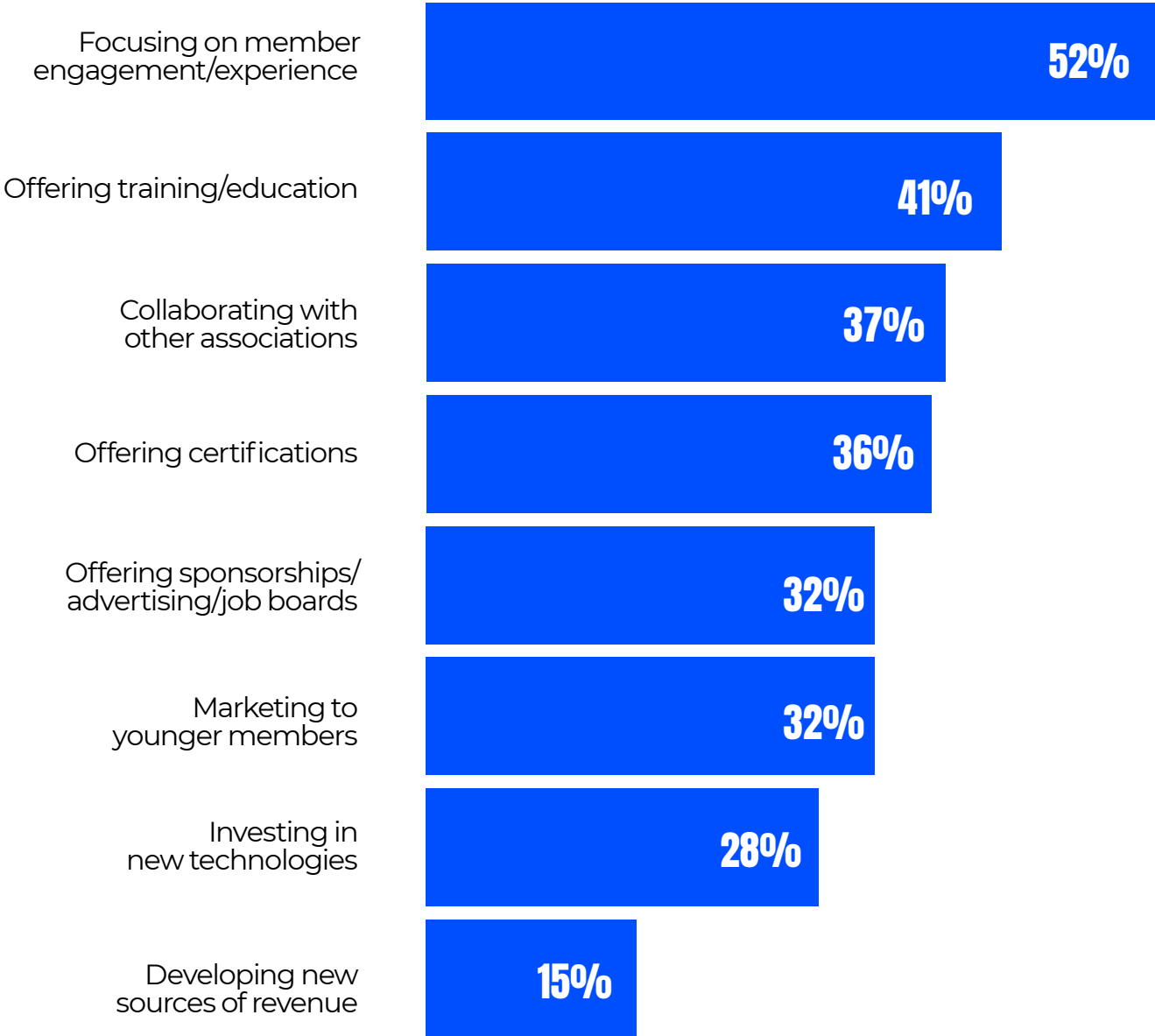
## 21. Please rate your agreement with the following statements at your association in regard to your strategic plan. Rate on a scale of 1-5 with 1 being “disagree” and 5 being “completely agree.”

(Asked of those selecting “Yes” on Q20.)



# 22. What key strategies/actions is your association undertaking to increase revenues?

(Select all that apply.)



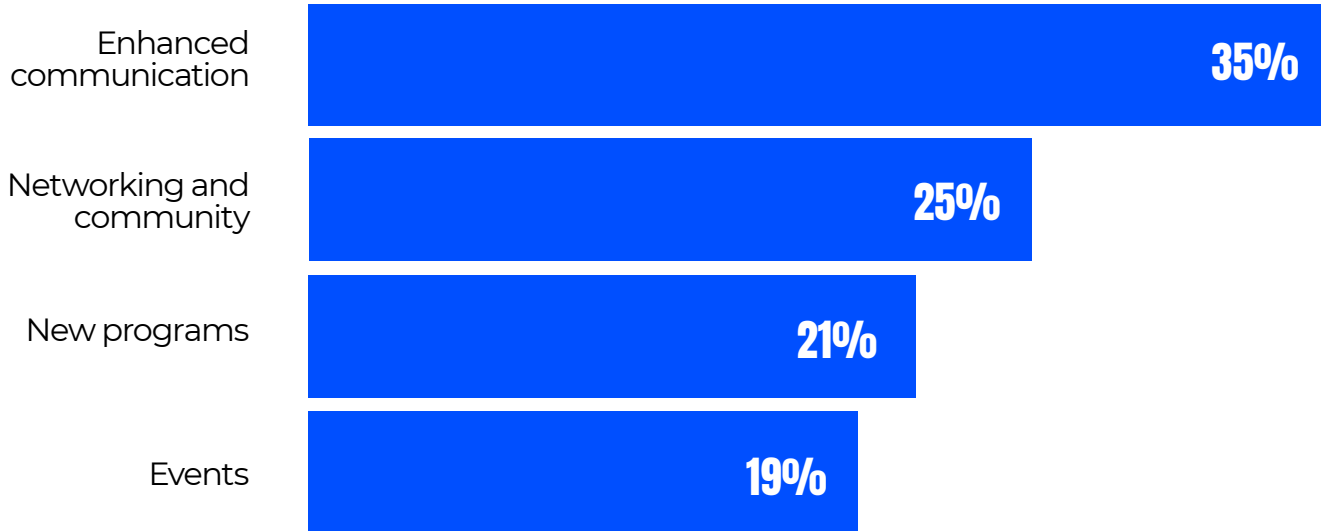
## 23. Please describe these new sources of revenue.

(Asked of those selecting “Developing new sources of revenue” on Q22.)

**Those who report developing novel sources of income most commonly mention offering **new services, developing partnerships and seeking new grants.****

## 24. What has been your most effective strategy for increasing member engagement?

(Asked of those selecting “Developing new sources of revenue” on Q22.)



# 25. Which best describes your association's revenues?

