

## Industry Segmentation: A New Model for AMC Efficiency

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**Summary:** Efficiency is a competitive advantage for association management companies, and the very structure of an AMC staff can make or break that pursuit. Association Headquarters, Inc., is aiming for new levels of efficiency knowledge sharing, and client value by grouping staff into teams based on the industries their clients serve. Here's how it works.

Association management companies (AMCs) are known for delivering efficiency. They provide value to association clients by delivering full-service management, consulting, or outsourced operational services.

At Association Headquarters, Inc. (AH), we recently decided to organize our client partner teams into industry segments. As a leading AMC for more than 35 years, AH has continued to evolve and innovate in response to what is best for our client partners and talented staff of approximately 200. We currently work with nearly 40 different trade associations, professional societies, and credentialing bodies. We work with some on a project basis and function as the full-service management and operational staff for others. With this breadth and mix of client partners, industry segmentation affords us the opportunity to offer greater value to our clients while realizing efficiencies lost in our previous management model.

### A Model for Efficiency

How does it work? Each industry segment consists of six to eight client partners (associations) within each industry segment. Each client team sits together in a designated area in AH's 40,000-square-foot facility and is led by a segment leader chosen from the executive directors in that segment.

Segment leaders remain dedicated to their own client partner organizations and also support each of the executive directors within their segments. These individuals are chosen based on their management and leadership skills and experience, and they excel in supporting their peers who are leading organizations with similar profiles. Segment leaders proactively share best practices and emerging industry trends relevant to that segment.

In addition, segment staff are cross-trained, allowing for easier knowledge transfer. For example, as one team discovers a new functionality with a software tool or creates a partnership with a sponsor for non-dues revenue that may be replicated elsewhere, enhancements are quickly communicated and shared with all client teams within that segment. We also share these success stories across segments, as it is frequently possible to modify an idea or practice as needed and successfully apply it in a different industry.

## How Client Associations Benefit

Segment leaders meet with the executive directors in their segments at least once each month. In these meetings, best practices and successes are shared, new ideas are generated, and our client partners receive the benefit of their executive directors being part of a vibrant community with common themes and a goal to increase efficiency.

As an example, one of the teams in our Allied Health Industry segment suggested that we compile resources to develop a common certification application. This saved each client partner time and improved the quality of the application. We have seen other examples of buying power within segments resulting in cost savings for our clients. This extends beyond common operating efficiencies, and we are only beginning to build upon it and realize the tangible value in this model.

In addition, segment leaders serve as the voice of all executive directors in providing feedback to executive management and in shaping policy and procedure for AH. This allows our employees increased freedom and appropriate training and support to help best serve our client partners.

Prior to putting the segment structure in place, AH used a model that was more functional in foundation, in which each specialty area existed as a team, such as meetings, executive management, accounting, marketing, technology, and so forth. That model has obvious benefits also, as each function acts as a department that offers cross-training and efficiency. However, as AH continued to grow, the need for collaboration increased, and we needed to implement a structure that allowed for quick and effective communication across the *entire* company.

Our ability to share resources to meet the needs of our client partners combined with our ability to continue to innovate by using the aggregate experiences of all 40 of our valued client partners has been significantly enhanced by our industry segment structure.

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