

Community business models: spotlight on INFORMS

BY SETH KAHAN

It is widely recognized that community plays a central, strategic role for associations. Mark G. Doherty, CAE, executive director of the Institute for Operations Research and the Management Sciences (INFORMS, www.informs.org) uses community building to generate income and provide value to his members by cultivating a business model that thrives on social and intellectual capital.

INFORMS has 11,000 members that include scientists, students, educators, managers and business professionals. Two-thirds of the annual budget comes from subscriptions of the 12 publications it produces. These periodicals are respected by professional and academic circles in their fields. In total, INFORMS publishes almost 1,000 articles, 10,000 pages, and 58 issues per year. Another quarter of INFORMS' annual budget comes from its meetings. These two pillars — publications and meetings — support a very successful business model.

"There are two things we are about: social capital as demonstrated by our meetings and the intellectual capital which we document through our publications," says Doherty. "The two are intrinsically linked." Social capital can be defined as human relationships and interactions that generate value, including revenue. Intellectual capital can be thought of as knowledge used to create income. Doherty understands both and combines them, creating a powerful symbiosis.

INFORMS hosts three meetings per year. One is a new-practice conference. People come to hear experts in the field discuss the latest and the greatest. The other two meetings provide a forum for the development of new ideas, providing almost every participant with the opportunity to share what they are learning.

Of 3,000 who attend the annual meeting, as many as 2,400 may present. There are often 50 concurrent sessions. Doherty says, "It is a very exciting place to be. There are intellectual debates, disagreements, multi-university

collaborations, cross-pollination of ideas. It's a meeting people love to attend. Repeats are astonishingly high. It's their opportunity to gather with colleagues, hear about the new-fangled things that are going on. We focus on new or soon-to-be minted Ph.D.s and will soon include the same for masters' degrees. Students get involved at an early age. This is social capital at its best."

The meetings result in more than 5,000 articles submitted for publication to INFORMS every year. The quality of these submissions makes it possible for the highly prized journals to publish papers that represent the best in the field, securing their niche as leading periodicals. Several INFORMS journals are tracked by the *Financial Times* and *BusinessWeek*, among others, as indicators for trends in intellectual capital.

Doherty's success is founded on his understanding of how to successfully combine interaction at meetings with the publication of his periodicals. He brings his members together in professionally stimulating environments that generate new ideas. Then he harvests the resulting knowledge. The journals provide members with recognition in their field, while at the same time documenting the best of their contributions.

Doherty remarks, "We have hit the bull's eye by realizing how important social capital is to the dynamics of our organization. Bringing our people together in ways that stimulate their collaboration is how we use community to generate a continuous stream of knowledge that we can document and sell. At the same time, we are providing our members with the best opportunity in their field to interact and grow. It's a win for us all."


Seth Kahan is a frequent speaker at conventions and a consultant to organizations that use community to drive business. He can be reached through his Web site, www.sethkahan.com.

What's your prize bull?

There's an old story about the economic turnaround of Tupelo, Mississippi. The story goes like this: Tupelo was one of the poorest towns in one of the poorest counties in the nation through the mid-1900s. Then a powerful newspaperman, George McLean, convinced local businesses to purchase a prize bull for the local dairy farmers to pass around their herds. The scheme worked. The prize bull made Tupelo the milk capital of the region, pulling the local farmers out of poverty and subsequently increasing the wealth of the businesses in town. The turnaround was complete and long last-

ing, as Tupelo continues to thrive in one of the nation's poorest states. It's a true story and even made it into Robert Putnam's new book, *Better Together: Restoring the American Community* (coauthor Lewis Feldstein with Don Cohen; Simon & Schuster, 2003).

Of course, the turnaround might have had as much to do with Tupelo being one of the first towns that got cheap electricity from the Tennessee Valley Authority or the notoriety that comes from being the birthplace of Elvis Presley as it did the prize bull.



Still, it's a good story and has an interesting lesson for associations. For years, ever since the demise of the exclusive, "good ol' boy" association, organizations have turned away from community building in favor of nondues revenue generating products or programs. Tupelo teaches associations that there is an alternative to this commoditization. Rather than looking only at revenue potential, the key to long-term relevance and vitality is creating new products or services focused on building community — in an inclusive rather than an exclusive way.

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