



Why the “Network Effect” is the Secret Formula to Your Association’s Success

How many members are in your association?

For years, this question has been the guide to determining the value of an association, and members have been satisfied with the privilege of “belonging to the club.” Today, however, people can join (or start) a group online at the click of a button. Organizations no longer have a monopoly over their constituents, and a membership alone is not enough to warrant someone’s time or money.



The changing landscape of social networks is causing associations and other professional organizations to search for a new value prop, as the standard question of “How many members do you have?” is quickly followed by “What are your engagement levels?” If your members are spending much of their time in silos and not engaging with one another, they are literally missing out on a world of potential networking, learning, and opportunity.

Leaders are realizing they need to offer members community, or “engaged action” as Seth Kahan wrote in *Fast Company*, in order to provide true value. In many ways, this is leading associations back to their original mission: to serve as a primary forum for like-minded individuals to share ideas, learn from one another, and network with peers.

But it also presents an interesting challenge: How can leaders (who are used to quoting a straightforward membership number) evaluate the seemingly intangible value of “community”? The answer lies in the “network effect.”



The Network Effect

The network effect is the idea that a service or product becomes more valuable as more people use it. For example, when the internet began, it only had a few types of users, and presented little value to anyone outside of those groups. Today, the internet is used by more than 2 billion people and offers exponential value — from global commerce to online education and, yes, even to that cat video you just shared with a coworker.

For associations, the network effect means that your organization's value is actually exponentially greater than the number of individual members, since your members are making connections with each other. Metcalfe's Law was one of the first attempts to quantify the network effect, and proposes that the value of a network is proportional to the square of the number of users (n^2).

So, if your association has 10 users, the value the network provides is: $10^2 = 100$. In other words, your association can facilitate 100 distinct inter-member connections. Pretty impressive, right?

However, some experts contend that the law only accounts for one-to-one connections, and doesn't fully appreciate the group-forming ability of networks (think of interest groups on Facebook or subreddits on reddit). A more recent mathematical assertion comes in the form of Reed's law — which suggests a more encompassing manner to evaluate the network effect. Reed contends that the value of your network is how many unique "group connections" your members can form, represented by the power of two (2^n).

So, if your association has 10 users, that same group of people has the power to form 1024 unique subgroup connections ($2^{10}=1024$) — any of which may become the genesis for a lifelong connection, a new business opportunity, or a brainstorm session that leads to "the next big thing."



The Dual Value of Connectedness

Of course, in order to live up to the network effect, an association must offer ways for its members to truly engage with one another.

While it sounds intimidating, enabling connectedness actually takes fewer resources than recruiting new members and exponentially increases the value for current members. It's a lot easier to invest in connectivity tools —and thus (hypothetically) facilitate 1,024 connection opportunities for your association of 10 — than try to recruit 1,014 additional members.

A well-connected association also carries the added benefit of "If you build it, they will come." If you can show that your members actively communicate and interact with one another, it will be a lot easier to recruit new faces (and grow your network effect in the process!). In experiencing the tremendous networking value and source of knowledge that your association provides, new "joiners" quickly become "life-longers".



How to Foster Community

So, where do you start? The first steps are to evaluate your existing communication and collaboration strategies. If your main platform for communication with members is sending a monthly newsletter, or hosting an annual conference, it's time to rethink your strategy.

Instead of relying on association-only facilitated communication, look for ways to allow your members to speak to each other:

- **start a blog** where they can contribute posts, ask questions, and offer comments
- **set up online communities** where people can share ideas, offer feedback, and organize virtual or real-life meet-ups
- **harness internal knowledge** and empower members to drive the conversation forward and spur new opportunities
 - this is especially helpful to associations that are handcuffed by limited resources
- **evolve beyond basic e-learning** where users only interact with a screen and embrace collaborative learning
 - members can share comments in real-time, participate in communities, and learn alongside their friends or cohort
- **ensure you're mobile-friendly** so people can log-in anytime and anywhere to engage with their fellow members

As the workforce continues to change and technology enables more opportunities to connect with like-minded individuals, it's ever more important to help your members make meaningful connections. By investing in connectedness, you're also investing in the full potential of your association.

If you're interested in more ways to facilitate connectedness in your association, check out our new page for associations and their leaders.

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