Compounding Value with James Young

Leading Learning Podcast
Transcript for Episode 491

Celisa Steele: [00:00:03] If you want to grow the reach, revenue, and impact of your learning business, you're in the right place. I'm Celisa Steele.

Jeff Cobb: [00:00:10] I'm Jeff Cobb, and this is the Leading Learning Podcast.

Celisa Steele: [00:00:16] If your association's learning business boils down to an annual meeting and a catalog of content, give this episode a listen. It's about how to co-create something more valuable and more lasting without abandoning what already works.

Jeff Cobb: [00:00:30] Our guest in this episode, number 491, is James Young, founder and chief learning officer of Product Community and writer of the weekly newsletter The Innovative Association. Jim focuses on helping associations rethink how they develop and deliver value, and this is his third time as a guest on the Leading Learning Podcast.

Celisa Steele: [00:00:50] Jeff, you and Jim talk about Jim's book in progress, *Perennial Connection*, and its central idea of compound value. When people learn something, meet someone, and solve something together over time, they build trust, and that trust keeps them coming back.

Jeff Cobb: [00:01:05] That's right. I also asked Jim what an association leader should do in the next 90 days, and his answer is refreshingly simple—so be sure to listen for that as we roll this conversation.

Jeff Cobb: [00:01:24] The last time you and I talked, you emphasized product development, learning communities, and the potential for associations to move beyond the typical one-off offerings that they have in their catalogs towards more lasting relationships with members. You've now had a few more years since then to develop and apply your thinking. For you, what's changed in how you think about what associations need to do to thrive?

James Young: [00:01:53] Thanks, Jeff. There's been a deepening in my understanding and accumulation of evidence around a set of core problems that lead us to largely what we're going to be talking about in our dialogue today—additional evidence around three things that I find are almost all associations are struggling with. One is diversified revenue. I teach an experience called "How to Design a Product Portfolio." I've run it with 400 different association professionals over the last three or four years. And nobody has diversified revenue. What I mean by that is it's largely driven by one or two cash cows, and, because it's either an annual event or membership, sometimes it's learning—so there's a learning enterprise—because 90 percent of our revenue is locked up, we struggle to innovate, to do different things. Our

capabilities are locked up in more of a calendar cycle than it is any notion of innovating—that's number one. Number two, without a doubt, passive consumption of content and information still is ruling the day, although there are glimmers of lots of people doing things that are meaningful, that fit the model we're going to be addressing today.

James Young: [00:03:14] So the evolution I'm starting to see is from a consumption model toward a contribution model toward, ultimately, how do we operate as communities? But I'm still seeing with the people that I present with, that I work with as clients, system design projects, we're still trying to get out of those cash cows, get out of the explicit content, and moving more towards what is a more robust engagement model. The third thing is authority. What I mean by that is it's pretty easy to create content nowadays. A lot of associations are in the world of AI, and, if they are not, their members are for sure. I do think what comes around goes around, and what we do as communities can be deepened by becoming a particular authority. When we think about content and practice and models and community, we do it in a particular niche around a particular industry, a particular profession, or a particular problem, and I'm seeing that as being a real prominent driver to help position ourselves for what's coming as learning organizations.

Jeff Cobb: [00:04:38] That last one is really interesting. We've started talking a lot in terms of credibility capital, that organizations have these different aspects of what they do, probably different aspects of their portfolio. You probably think of portfolio that help to establish and maintain their authority and make them the source that people are going to go to within that profession or industry. I know you are starting to encapsulate a lot of this thinking, some of the points that you just enumerated in the discussion, into a book. You've had e-books and things like that in the past, but this is a full-blown book. If I understand correctly, it's going to be called *Perennial Connection*? Is that still the title of it?

James Young: [00:05:17] Great memory. *Perennial Connection: Community Design for Striving Organizations*.

Jeff Cobb: [00:05:21] What's the central argument there? How is that coalescing these things that you're thinking about?

James Young: [00:05:27] Two words: compound value. What we do in Product Community and what I write about in The Innovative Association, I write about learning, about systems, and about community—those three things are really becoming interdependent in my world and the clients and associations I work with. The notion of compound value comes down to the simplest way to define it, as a design construct. If you're designing your learning or your experiences in which people learn something, meet someone, and solve something—a simple three-step process—it can change the way you think about engaging with your members. You would even change the lexicon over time. You would say, "Well, we don't serve members. We facilitate the forever-member journey." And so the notion of compound value works from the association or the organizational lens, but it also works from the individual person who wants to engage in a community. So, from the organizational lens, we've designed something called "good revenue."

What is good revenue? I ask this a lot, and it's a laugh line because people are like, "Any revenue is good revenue. What kind of question is that?"

James Young: [00:06:46] We've defined good revenue as revenue that brings in more revenue. To us in Product Community, that means we're designing a community in which there is trust built, in which you have a set of conditions, in which people are in a room moving beyond that passive content that I was talking about at the beginning of our dialogue and more towards what does a contributory skin-in-the-game model look like around a set of problems? How do we create journeys? From journeys come compound value. From an association perspective, I don't have the numbers tightened up yet, but if you run a robust, early-career cohort program, and it's designed around a set of learning community-based conditions in which people are in a room grappling with a problem, and they're supplemented by online stuff, and they meet over time, we find that compound value effect goes into motion. They meet people. It's like how you and I met, and Celisa and I met over time. We see each other at these conferences. We share a meal together. We're raising teenagers. We have all these things that emerge simply because we're in a similar business, and we're sharing a meal in Annapolis, Maryland.

James Young: [00:08:05] So the notion of compound value basically means I'm earning trust from our community, and what a community does with trust is they will want to buy membership because the set of conditions have been developed in that association that cannot be replicated anywhere else in their professional life. It is based largely around community. The consumption model of education can work, but if it's not supplemented by deliberate design around how we engage as peer professionals, it ends up having a much lower shelf life, without a doubt. The book is a simple metaphor: *Perennial Connection*. The grand metaphor is a garden, and perennials are plants. If you garden or don't garden, your grass is a perennial, something that comes back year over year. Again, it's viewed from the association lens but also the member lens. Members will want to come back if there's value in a garden—if you have hostas, or if you have black-eyed Susans, they'll come back every year without an enormous amount of maintenance. I'm not saying that associations don't have maintenance, but most associations operate like annual gardens in which you replant every single year. They're prettier. They're attractive. They're a lot of work—you're almost starting over every single year. The whole notion of *Perennial Connection* is based off what is our unique value? How do we extend that? And then how do we use that extended value to create long-term community?

Jeff Cobb: [00:09:53] It seems like a shift from associations delivering value to creating value with their members. It feels like there has to be a shift in mindset because associations have typically talked about benefits. You deliver benefits to members. And that's what they're paying for—those benefits you're delivering to them. You're talking about something different. I suspect most association executives would nod their head and say, "Yes, that sounds good, but it does require a mindset shift." Are there specific types of associations you've encountered where this seems to be easier than others? What are the barriers you run into in this conversation?

James Young: [00:10:37] The core conditions in which this works...because everything I'm talking about makes sense. There's a timelessness in our world of associations, even learning

businesses, that it all comes around to how do we get a group of people together who have like interests or a particular set of problems that they're all focusing on? How do we get together and address and solve those problems? That's the crux of the corner coffee shop or the local pub. And community life has always been a part of that function. Associations have carried that mantle for a very long time. What's happened over time, however, is we've become professionalized, and, when we become professionalized in the way we operate our learning businesses or membership functions or events, this whole notion of commoditization creates.... When someone says member benefits, I think of that as a transaction. I don't think of that as an exchange of value.

James Young: [00:11:41] I'll go even further, Jeff. There's a core concept in my book that moves away from value in exchange, which is a quid pro quo: I will offer you part of my hard-earned paycheck or my company's professional development budget (x amount of money), and then you will provide me some value in exchange. Where the world is going is something called "value in use," and it's a different value conversation. The value conversation is not like, "You get a magazine, you get a journal, you get content, you get Webinars, you get a discount on the annual event"—it's much more, "What are the big ideas that we put in the middle that allow us as a community to come together to create new knowledge?" Value in use is a much more proactive approach to how we think about what we offer, how we offer it, whether we offer recorded courses versus engaged cohorts, which, to me, are really different.

James Young: [00:12:49] Value in use would put your members in a mindset and a practice set of engagement with peers serially over time, so it is doable. It is a mindset shift. Over time it's an operational shift. But I also would say this as a trained librarian who was raised in the world of serve, serve, serve, I think in the future, us as association learning professionals or professional staff, serve is going to evolve into facilitate. We're going to facilitate long-term learning journeys, almost to the point that associations and their members own a 40-year dialogue—an evolutionary dialogue—and the value of that proposition becomes apparent over time that people aren't receiving things. They're contributing to the enterprise. They're contributing to an ongoing dialogue in a community, in a body of knowledge. It's quite different, but, at the same time, it's timeless. It's why we started these things in the first place. It's people coming together to solve problems.

Jeff Cobb: [00:14:05] Let's talk practically about what this really looks like then, because you mentioned the perennials versus annual. The big annual for an association is the annual meeting. You've got the annual meeting, and you've got the catalog. Those are the mechanisms that associations have for what they think of it, as engagement. If you're going to move from the traditional education portfolio, which is catalog and annual meeting (maybe there are a few other things in there, but that's the deal), how do you move from there to what you've characterized as a learning architecture? You've written about this recently—we'll be sure to link to that article. What's a learning architecture, and how does that come about?

James Young: [00:14:47] The first thing I want to underscore what doesn't make sense about the annual model. I like events. I'm not anti-event. I love the people who do these things. They're uniquely skilled at running this carnival of value. But my claim around things like the annual

meeting and running an association off undiversified revenue is what kind of company or organization would bank 50 to 70 percent of its revenue on four days out of the year for 20 percent of its market? That's the claim that we make around the annual model. It's a laugh line, but it's also painfully true, and we are anchored around this. And again, I'm not saying let's dump events. I don't say that at all. What I would like to see us evolve from...so when you say educational portfolio, that's our offering. You said "catalog" and "annual event."

James Young: [00:15:46] When I go back to my original three arguments, undiversified revenue, over time, we want to diversify our revenue sources. Number two, we want to evolve from a consumption model more towards a contribution model. And then, as we do that, part of our value comes from our authority of what our association functions around, our mission, but also our authority in facilitating forever-member journeys. A learning architecture has a number of different features that wouldn't be alien to anybody running an association. Number one, I'm finding more customers. A lot of associations have a body of knowledge. There's a full spectrum of types of body of knowledge. We can't win in content anymore, but we can win with authority. And what a body of knowledge does is it outlines our practice as members, as part of a proactive community with staff as partners. Having this body of knowledge does put an additional stamp on us as authorities, but also it creates the entrée, the architecture for curriculum.

James Young: [00:16:57] So I'll just throw it out there, and I'm happy to get hate mail for it—best-in-class adult learning is rare in the world of associations. Best-in-class learning is based around how adults learn. It's still a lot of watch, a lot of listen. There are many examples of proactive learning communities, but they tend to be smaller or marginalized. They don't rule the day as an architect. They don't set the platform out for how professionals (working adults) learn, which is around problems over time, together, trial and error, often very social. It's a different learning model than the traditional "I need to consume a lot of content to command something. I need to know how to do things. I need to try things, see what works, and see what doesn't work. I need to engage with the community to understand where's the bleeding edge? I need to be a learner almost across the board." Any follow-up on that?

Jeff Cobb: [00:18:02] A lot of what is driving your thinking is what actually works from the standpoint of learning. You said there's not a lot of great adult learning going on in the association space, so everything you're talking about is more in line with how people do learn, how value is created through learning. Ultimately, the question of having some real impact on the people in the profession you're serving. Somewhere in there, though, you mentioned the concept of winning, and that set off the bell, for me, that it's about business; it's about strategy because associations have competition. They're not the only people out there in their field, not just competing for the learning and education dollars but competing for the attention, for the engagement, the involvement of the people they want to serve. So, if you're not doing this well, are you giving up your competitive advantage? How does competitive advantage factor into this?

James Young: [00:19:03] I'm smiling. This is one of my favorite topics, and I know it's one of your favorite topics too, based off previous conversations but also your writing and the work

you guys do. Just like best-in-class adult learning is rare, also strategy is rare in associations. All these years later we're rife with strategic plans, but we're not really based in strategy, which, from my lens, from a theorist I like named Roger Martin, comes around making focused interdependent choices. Who are we? Who are we going to be? What capabilities do we need? Where are we going to play, and how are we going to win? And, even though it's somewhat controversial in the association space, winning doesn't mean crushing. Winning means identifying and delivering unique value. It's absolutely within our bounds to invest in strategy. Focused strategy is, again, the service model that almost says, "We're going to do anything for you to make sure that you're happy." That, to me, is not strategic thinking.

James Young: [00:20:06] Most of those associations cannot win because you live to serve, and it's almost like a staff burnout model. What works in the world, the most practical example that I can think of...and I'll say two. There's an association I'm working with right now called the International Downtown Association. They have invested for ten years now in a program called ELF (Emerging Leader Fellowship), and I had an engagement with them. They didn't have the question "How do we create a learning community, or how do we create a product community?" But that's what it evolved toward once we started working together. They wanted to create a business plan to invest in learning. It was really broad. What I learned: I interviewed 35 people. I asked them lots of questions, but I mostly said, "How do you learn? What has been significant in your journey with IDA [the International Downtown Association]?" And how did you learn was trial and error, figuring it out as I go along, calling my buds, sitting around a table and whiteboarding it.

James Young: [00:21:17] Nobody said reading. Nobody said listening to podcasts. Nobody said Webinar series. No one said take a course. I'm not saying those things aren't important. They are really important. But I'm saying if we don't design ourselves to be a more proactive learning community in which we're starting to grapple with problems, that's really how adults learn. So that was their answer to that. The other answer to what was most significant: being engaged in this particular association. Across the board, they all said ELF, Emerging Leader Fellowship. It was a cohort program. It's been running for ten years. And it is absolutely what I mean by compound value. The association created a set of conditions. They designed a young professional program for people learning how to run these business improvement districts. What they found, over time, is that they trusted the association.

James Young: [00:22:16] They learned from the association, they met people they would have never otherwise met, and they now have a community within a community that they can rely on. And they buy membership—they're like auto-pay. Just put a membership on auto-pay that has the unique set of conditions. That's 5 percent of their revenue. How might we model a cohort program like ELF so that it becomes a feeder for pathways? Cohorts and pathways, to me, the past is prologue. Those are the future designs of associations. They're slow-grown learning models. They're ways of bringing people into the fold—communities of communities—that, over time, will be compelled to continue on with the association as they build their professional network. It's magical.

Jeff Cobb: [00:23:16] I'm hearing in there a tightening of that connection between strategy and learning because a lot of what you're describing, you and I both know—most of our listeners know—that the vast majority of learning is informal.

James Young: [00:23:29] Yes, that's exactly it.

Jeff Cobb: [00:23:29] It does not happen in a classroom or a Webinar or anyplace else.

James Young: [00:23:32] Bingo.

Jeff Cobb: [00:23:32] And a lot of what you're saying is, if you're not connecting with them in the informal, you're not going to get them to the formal, most likely. They're not going to come to the meeting. They're not going to come to the Webinar...

James Young: [00:23:41] No, it's an annual garden.

Jeff Cobb: [00:23:41] ...because they're not getting connection, and they're not seeing the value there.

James Young: [00:23:45] Correct. It's an annual garden. It's not a perennial garden. The perennial garden keeps coming back as you shape it and evolve it, and you introduce new plants and new ideas, new colors, new textures. You split it, and you move it. I'm not an expert gardener, but my wife and I have a perennial garden in the backyard, mostly because we've been raising kids, and it's easier to maintain.

Jeff Cobb: [00:24:04] Because annuals are a pain in the neck, aren't they?

James Young: [00:24:06] Annuals are a pain in the neck. We have to rebuy the annuals every year. The metaphor in the book plays out as a nice metaphor, not to tear on associations—that has nothing to do with it. It just says we've adopted and evolved into a model and a system that doesn't work for us anymore. The new evolutionary system is, in some ways, going back to our original knitting of how do we get people together to grapple with problems, to evolve value for individuals, groups, teams, and then for the association at large. I don't know of a book that's addressed this, and so I wanted to wrestle with all the big ideas that I'm now calling "community design." What does community design look like in our world? There's a lot of community design literature outside of associations, but most of.... When we talk about community in associations, it's often.... There's a really good book by Amanda Lea Kaiser around engagement, events, or software, all of which are pieces of the puzzle. But I don't know of one that addresses community from the practical architecture perspective. And that's what I'm trying to fill. Four years of my thinking—it's taking a long time to get there.

Jeff Cobb: [00:25:28] Well, we're looking forward to reading it when it is done. We're setting the stage here. A couple of questions before we wrap up. Impact came up a little bit earlier in the conversation, and thinking about measuring progress, measuring impact. When we're talking about things like informal learning and community, that can start to get a little fuzzy and smushy. A nice thing about a conference is you give them an evaluation form. It may be a smile sheet. Maybe it's not the greatest measure in the world, but it's there. You get it, you get your

numbers, you can report them to the board, and you're done. How do you think about measuring progress and impact in the model that you're talking about?

James Young: [00:26:10] It is a great question. Again, we're not abandoning the old world; we're just going to be operating. And when I say the old world, traditional engagement predictors or traditional engagement metrics would be butts in seats, how many people showed up, how many people signed up, how many people came to a particular session, did they like it? You are absolutely correct when you look at a higher-order set of metrics, which is, how does this change my job? How does this change my life? How do I become a better professional? How do I run my organization better because I belong to this organization? We have to invest in those higher-order things. If we are going to evolve our model from the shorter-term content consumption, event-driven Webinars, podcast content, we will be stuck in the shorter term—are people showing up, and do they like it? Important questions, but not enough. Over time, what we need to do is evolve people into journeys and then find out how they're doing in their journey based off their unique engagement with us. What we're talking about here is offering unique value that is developed in part by the members.

James Young: [00:27:31] The community will only work if members contribute and participate. And I'm not talking about sitting in a volunteer committee. I'm saying, how do you actively evolve in a community of practice in the 21st century, in the mid-'20s? The impact statistics over time would be, does trust lead to long-tail revenue, and does trust and belonging lead to long-tail persistence? I debate this with people when they say membership goals and revenue goals. I never think of membership and revenue as goals. I always think of them as outcomes. They are outcomes of great superior practice. What's exciting about associations is we do something unique. Still to this day, we do something unique in the market, and we don't have a lot of natural competition. The competition is nipping at us through creative alternatives, but it's not like buying a bottle of Chardonnay in a large wine store. It's hard to do. There's a lot of choice. How might we design a future community that fosters trust and belonging, connection, and then a contributory model of learning that keeps people together, connected in this world of AI and alienation? What we're talking about here is an opportunity. Really exciting.

Jeff Cobb: [00:29:05] I think it is. Associations are so uniquely positioned and are not necessarily capitalizing on that positioning in the way that they could be. Let's say, then, and kind of wrap up with this, that an association leader just listened to this conversation. Your mind's on fire now with these ideas that you've heard from Jim Young, and you want to get something done at your association. What do the next 90 days look like? What do you have to do with your board, staff? What actions do you need to take near term to get that flywheel in the first stages of motion?

James Young: [00:29:41] Design a super simple pathway. What is a pathway? A pathway can be something super complex and rigid, and you take one lily pad to the next, and those work. Those are really effective in K-12. They're effective in some professional learning sectors. A simple pathway would be creating a program in which you can get your members to do three things in a row over about a three-month period—a super simple pathway to get started. Again, it has to fit everything we're talking about here. Three: an engaged Webinar, a mastermind call,

and a wine and cheese for the people who live in Baltimore. Some three things in a row that have a learn-something, meet-someone, solve-something component to it. There's no magic around communities. They're messy. But, in and of itself, if you want to start seeding them, you can design something that's fairly simplistic, already fits your operational mode. What are these three things in a row? I didn't give you the greatest example of what they can be.

Jeff Cobb: [00:30:58] I like that because they're simple. You don't have to be some big domain expert in learning with a bunch of technology or whatever.

James Young: [00:31:04] No. One, two, three.

Jeff Cobb: [00:31:04] It's simple stuff that associations do anyway.

James Young: [00:31:08] It isn't like three Webinars in a row. You can get someone out of the annual meeting to do two more things in a couple of months. The annual meeting is really good, but it's fraught. You'd never meet anybody new at annual meetings—that's been proven in the network science literature. You always go back to your chums, and you always go back to your familiar knitting, which is powerful, but, unless we're connecting those nodes, we're not really creating a broader community. The nodes of this group of people who meet over coffee every time—we somehow have to say, okay, how do we create these small five-person coffee groups or beer groups (whatever you want to call them) into something more fulsome? That, to me, is a solvable design question at the annual meeting. You leave the annual meeting with a Jeff Cobb and a Jim Young saying, "Hey, how are you? How are the kids? How's college going?" because we've had a common experience, and we just happened to meet. And then it would be, "Hey, Jeff, if I introduce you to..." and then you would say, "Hey, Jim, if I introduce..., which is what happened when we recently saw each other.

Jeff Cobb: [00:32:14] So important to that, too, is people might hear you say that we meet at the annual meeting and then we have a conversation afterwards. A lot of people would react, "Well, that's not learning." And I would differ. I would say, "That is how learning happens."

James Young: [00:32:27] I totally agree with you—that's how learning happens.

Jeff Cobb: [00:32:32] So count that. That counts.

James Young: [00:32:34] It absolutely counts.

Jeff Cobb: [00:32:36] A simple mantra or campaign, based on what you said, is annual plus two. I could see anybody taking that and saying, "Annual plus two."

James Young: [00:32:43] Annual plus two. That's it.

Jeff Cobb: [00:32:45] There you go. You got it.

James Young: [00:32:46] Then you're creating a simple system, and that's a somewhat complex topic. But, to me, when you create a simple system, you can evolve that system. You can test that system. You can see what works and doesn't work. But I can tell you this without equivocation: it's a fact. It's physics. I just had a call about this this morning. Somebody's a little

overwhelmed by what we're doing, and she's like, "Well, here's what I'm noticing: people in their early 20s and people in their 60s are meeting, and, after they meet, I noticed at the annual meeting they were talking to each other. They never would have otherwise known each other." So the learning journey continues. The opportunity for them to engage, the potentiality of people engaging who wouldn't otherwise know or talk or even have any common ground, emerges. And you can do that at scale. It's like two people at a time at scale.

Jeff Cobb: [00:33:45] That wraps up my conversation with James Young, founder and chief learning officer of Product Community. Stay with us for our recap.

Celisa Steele: [00:33:53] You'll find show notes and a transcript for this episode at leadinglearning.com/episode491, along with links to Product Community, Jim's newsletter, the article he wrote on learning architecture, and more. We'd also be grateful if you'd share this episode so more people can benefit from the Leading Learning Podcast.

Jeff Cobb: [00:34:12] One idea I'd like to underline is Jim's distinction between value in exchange and value in use. Member benefits, as Jim sees it, are a transaction. Value in use means putting big ideas in the middle and bringing members together to create new knowledge. It's why he thinks the work of association professionals is evolving from serving to facilitating.

Celisa Steele: [00:34:36] Jeff, you asked Jim what an association leader should do in the next 90 days, and his answer was to design a very simple pathway: Get members to do three things in a row over three months. That might be a Webinar, a mastermind call, and a local get-together.

Jeff Cobb: [00:34:52] And I appreciate Jim's take on measurement. He doesn't treat membership and revenue as goals but as outcomes of great practice.

Celisa Steele: [00:35:00] Thanks again for listening—and see you next time on the Leading Learning Podcast.

[music for this episode by Moarn]