



How to Avoid Compounding Problems

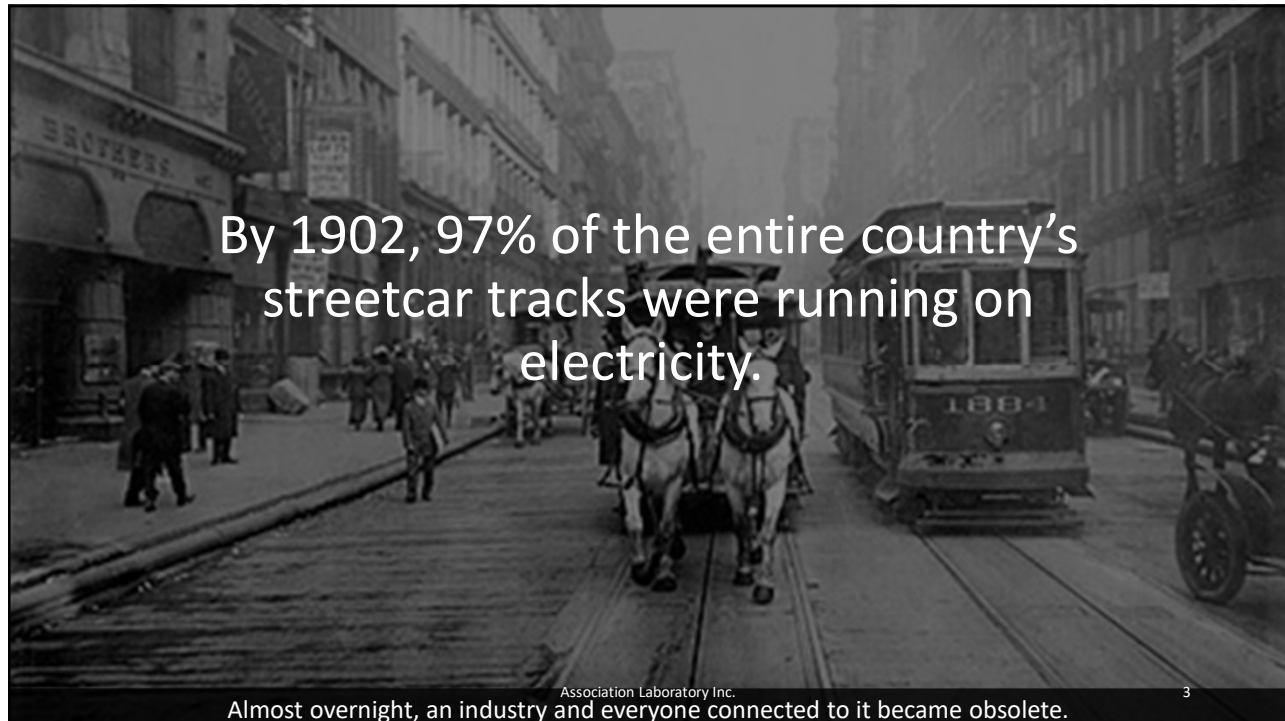
Dean West, FASAE

President
Association Laboratory

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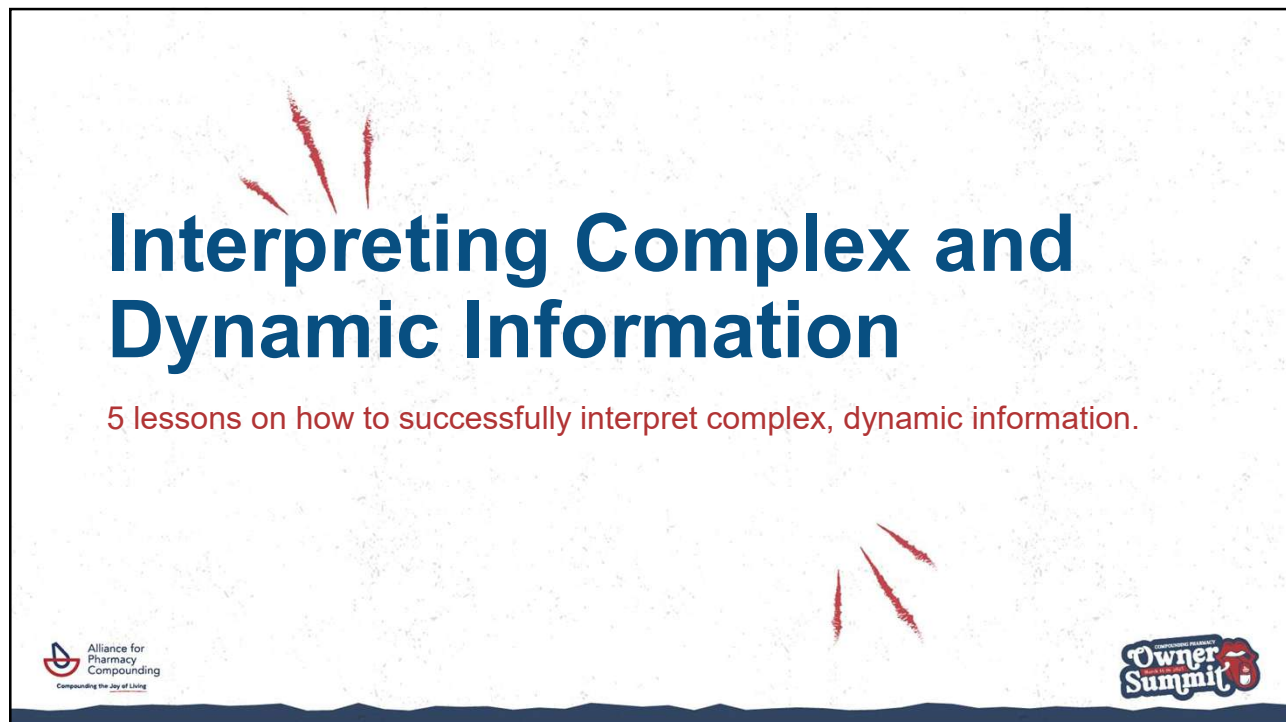
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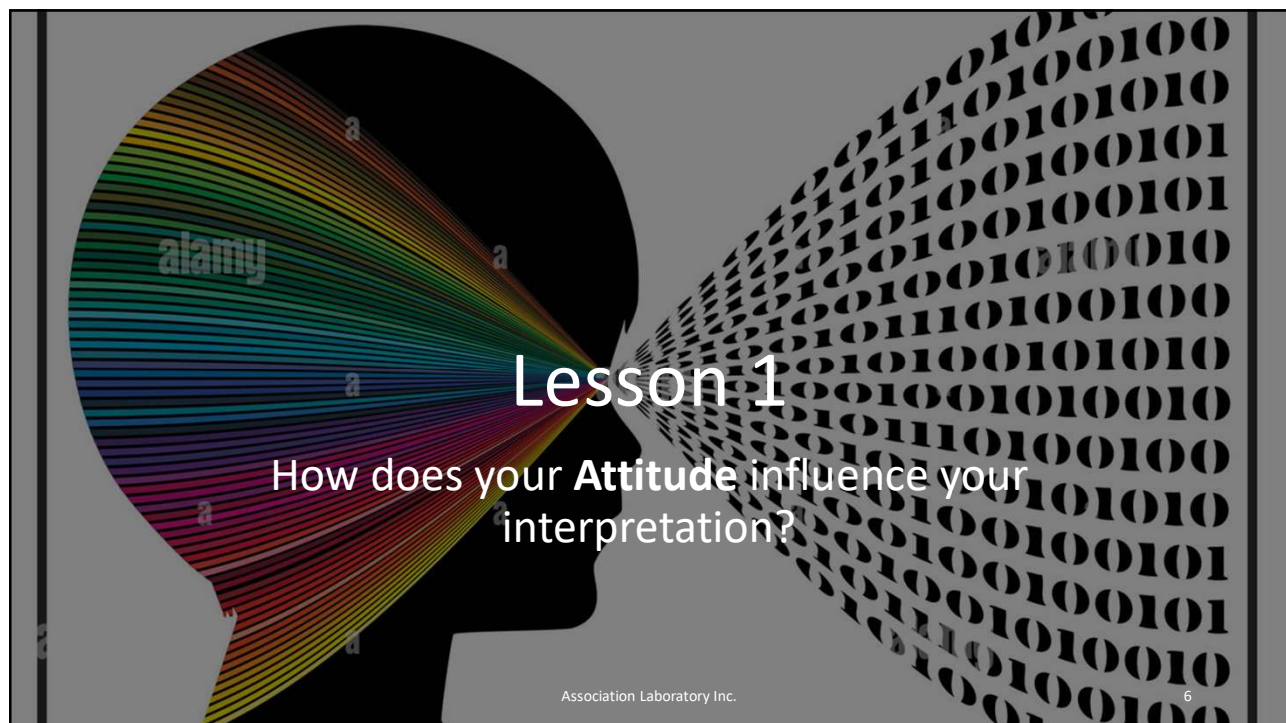
Interpreting Complex and Dynamic Information

5 lessons on how to successfully interpret complex, dynamic information.

Alliance for Pharmacy Compounding
Compounding the Joy of Living

Owner Summit

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Lesson 1

How does your **Attitude** influence your interpretation?

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How does attitude influence interpretation?

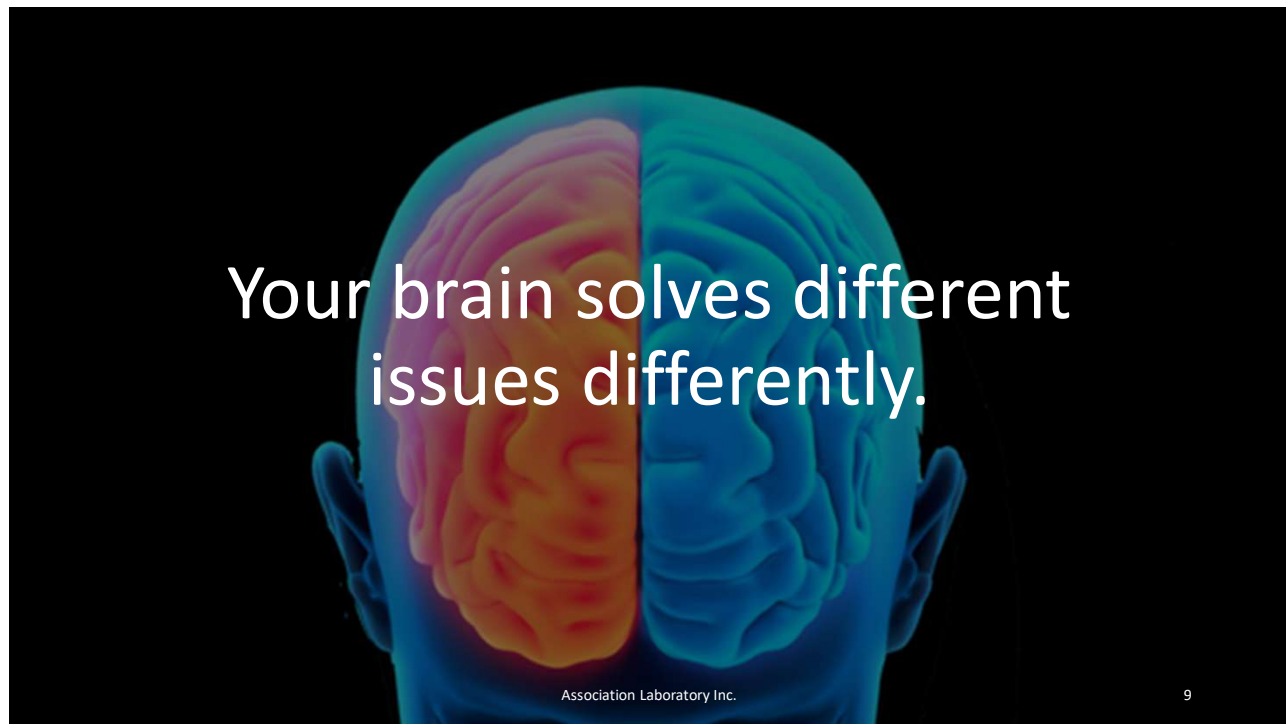
What are the potential **risks** of this merger?

What are the potential **opportunities** from this merger?

What are the potential **implications** of the merger?

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Common Cognitive Bias –
Your Brain Tricks You

- **Confirmation Bias** – Processing information to confirm preexisting beliefs or hypotheses.
- **Anchoring Bias** – Relying too heavily on the first information encountered (the "anchor").
- **Overconfidence Bias** - Overestimating one's abilities, knowledge, and the accuracy of one's predictions.

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Dunning – Kruger Effect

The Dunning-Kruger effect is a cognitive bias that causes people to overestimate their knowledge or ability, particularly in areas with little to no experience.

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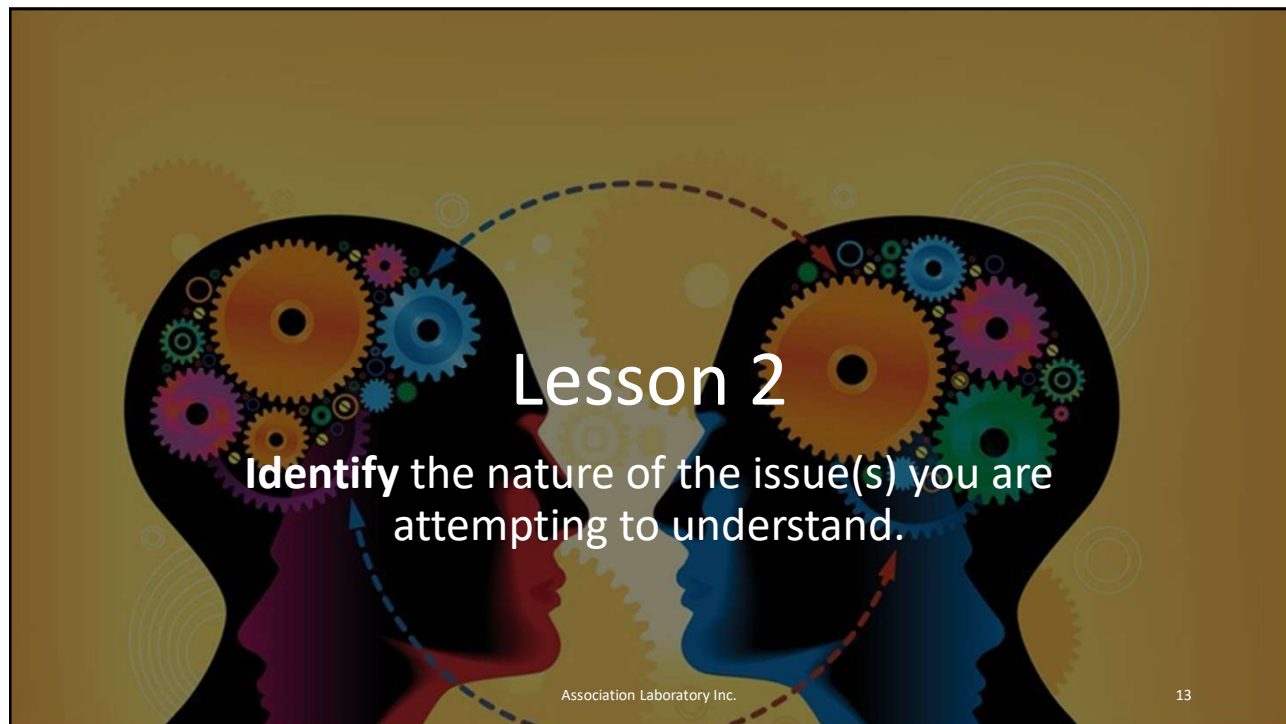
To make better
decisions, adjust
your **Attitude.**



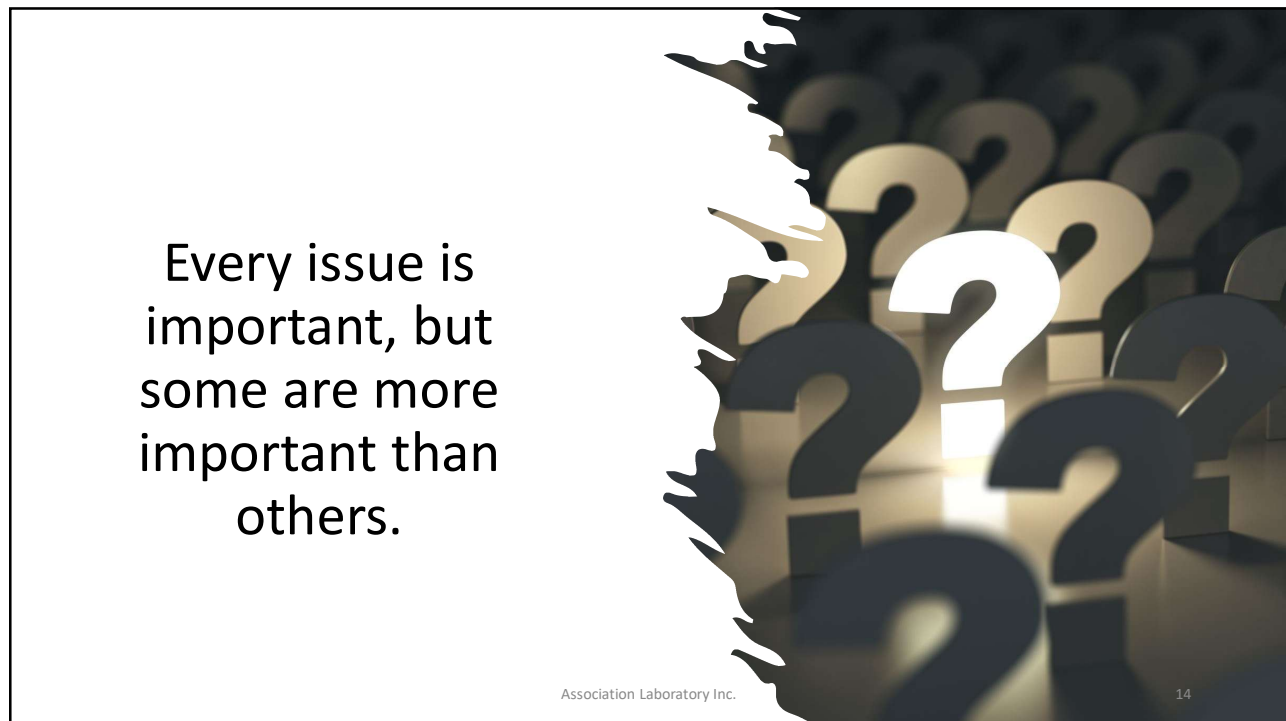
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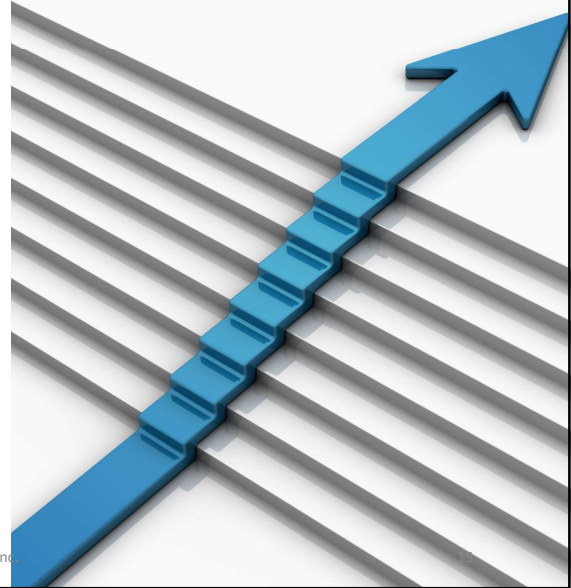
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Issue Evaluation Criteria

- Does an issue exist?
- What is the likelihood of an issue *directly* impacting your business?
- What is the direction of the issue?
- What is the intensity or strength of the issue?
- What is the speed with which the issue will impact you?
- What is the variability of the issue?



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Identify and Evaluate the Issues

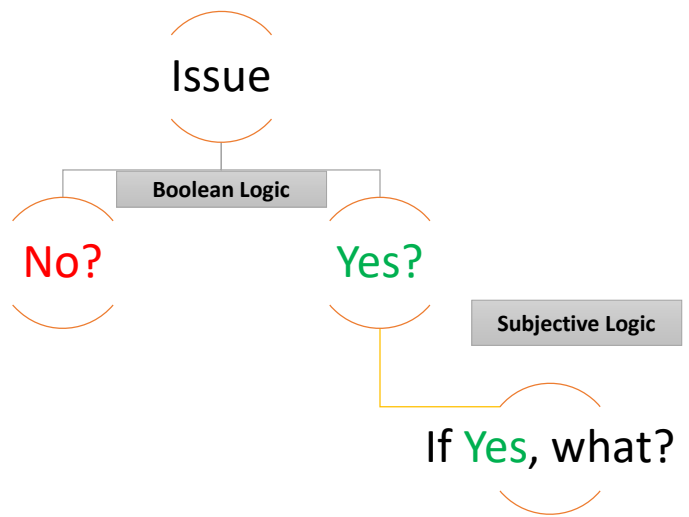
What are the issues?	Likelihood of Impact within 3 years?	What is the direction of the issue (increase, decrease, stable)	What is the intensity (strength) of the issue?	What is the speed with which the issue will impact members?	What is the variability of the issue?
Regulatory Issues					
Supplier Issues					
Workforce Issues					
Marketing Issues					

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Identify Issues
then Implications

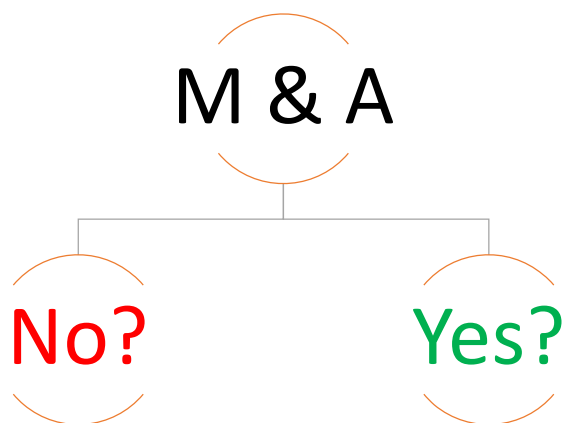


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Example: M & A

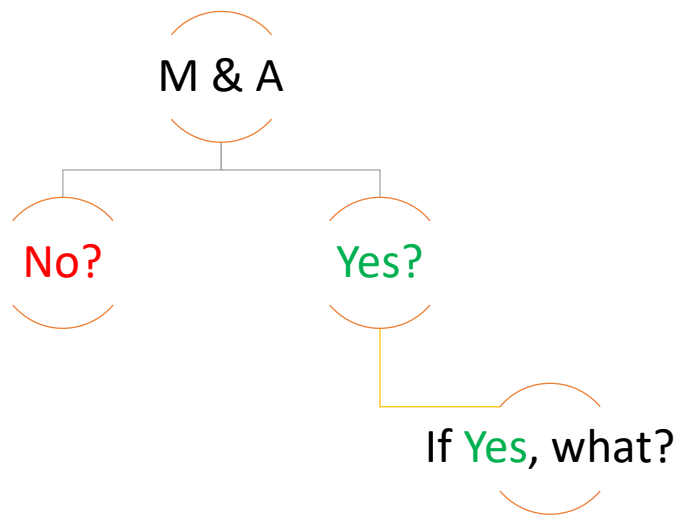


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Example: M & A

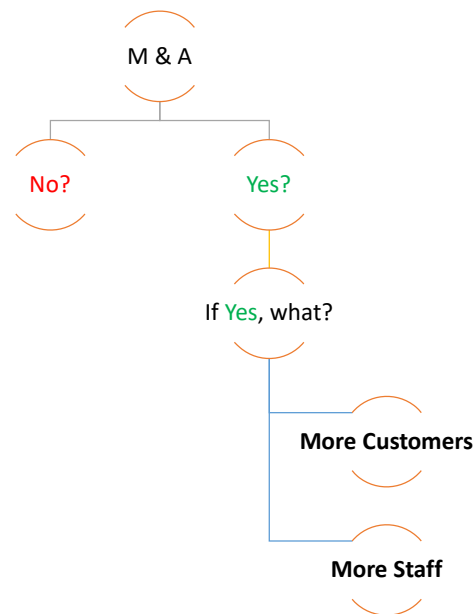


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Example: M & A

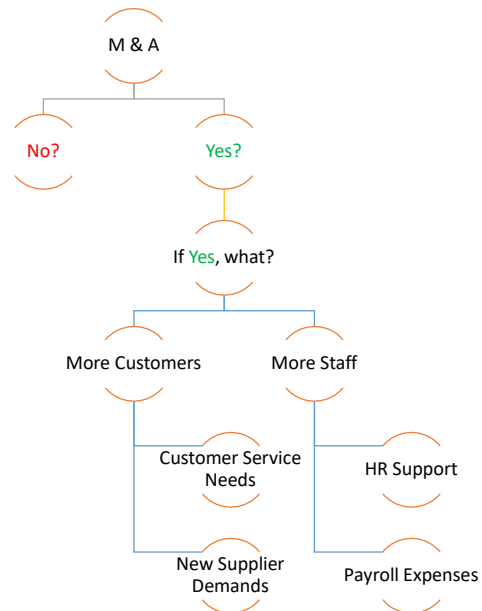


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Implications on the Association



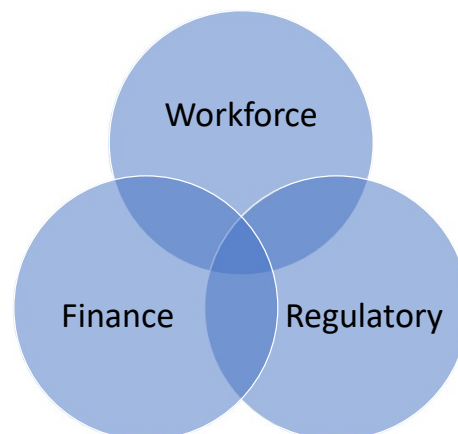
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TIP: Don't Get Trapped by Linearity.

Issues are interconnected and do not exist in isolation. Strategic issues are durable over time, so understanding their relationships and how these relationships change is crucial.



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To make better
decisions, identify
the nature of the
Issues.



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Lesson 3

How does **Framing** influence your
interpretation?

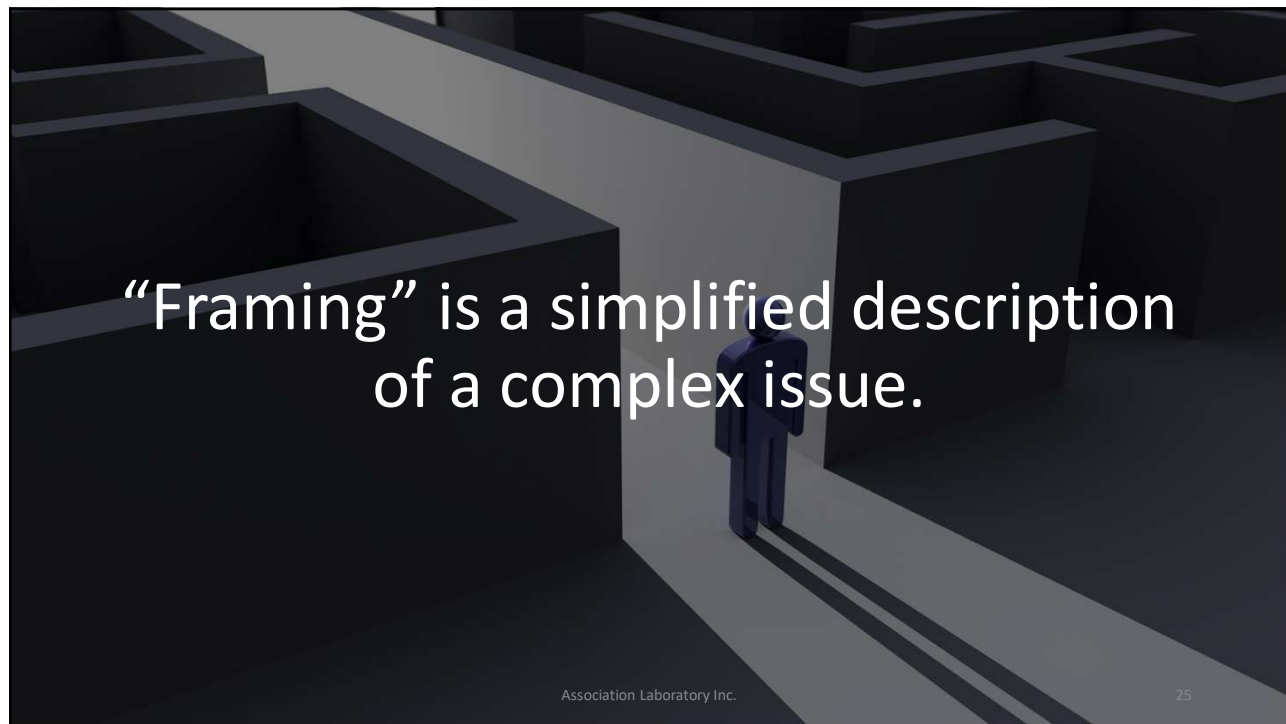


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Example

Which of the following do you support?

Investments in healthcare for low-income families.

A tax on healthcare services.

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Historical Case Study: Iowa Medical Society

The IMS successfully framed a fee on physician services designed to draw down more federal funding as a “healthcare tax” and defeated this initiative in the legislature.



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Gun Violence – “We should do something!!”

What solutions do we pick?

“It’s a mental health crisis”

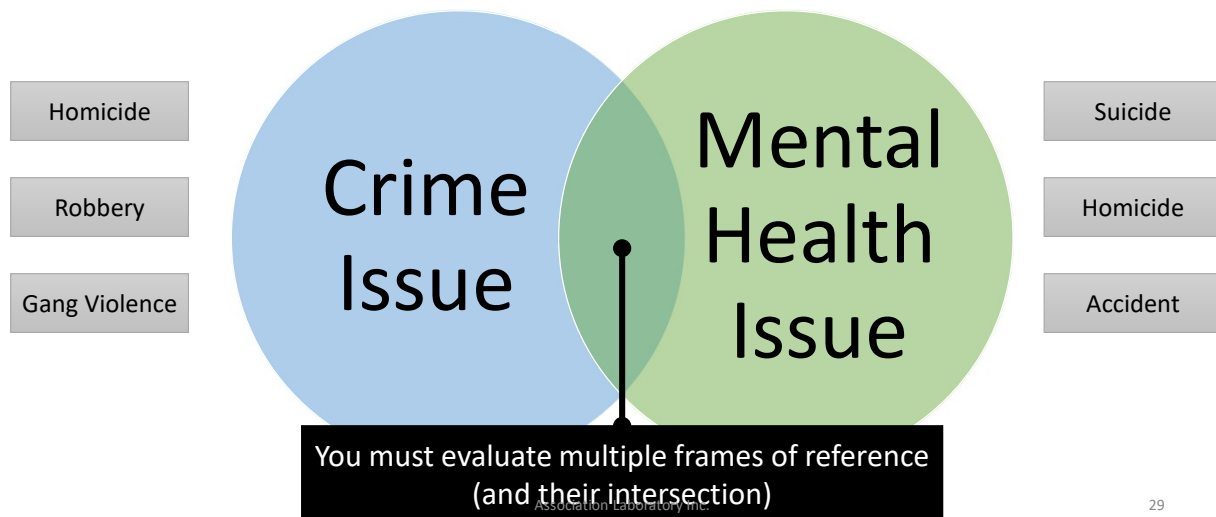
“It’s about criminals.”

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Understand issues first. Then, decide on the framing.



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Framing is often
used for
Influence,
not for
Understanding.

Framing is about sentiment, not
technical accuracy.

"Insurrection"

"Book Ban"

"Defund the Police"

"Don't Say Gay"

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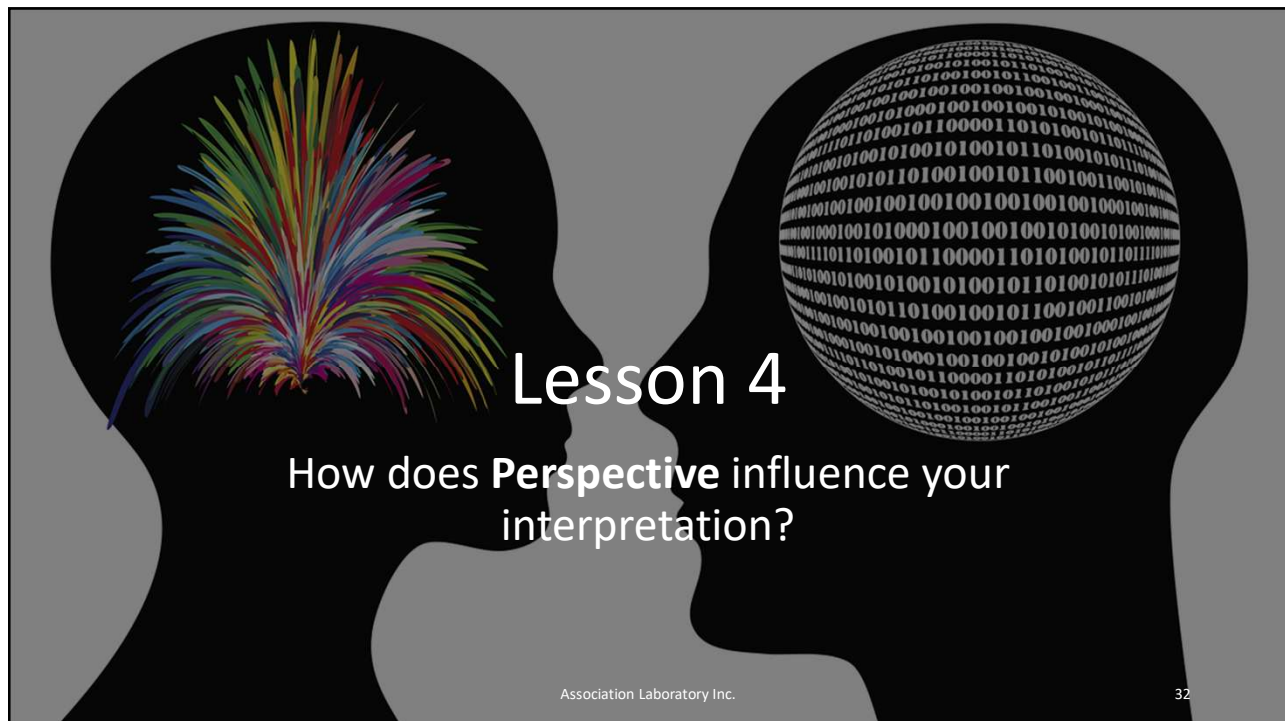
To make better
decisions, define
the Frame of
reference.



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Lesson 4

How does **Perspective** influence your
interpretation?

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Example

Is M & A activity good or bad?

Good

Bad

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What are the implications of M & A?

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What are the implications of M & A?

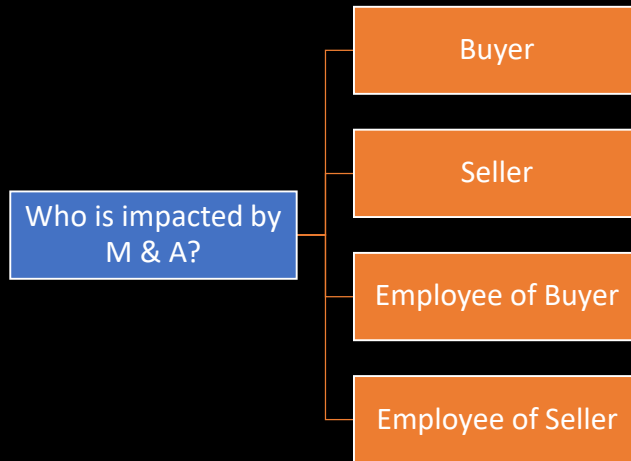
Who is impacted by
M & A?

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Whose eyes are you using?

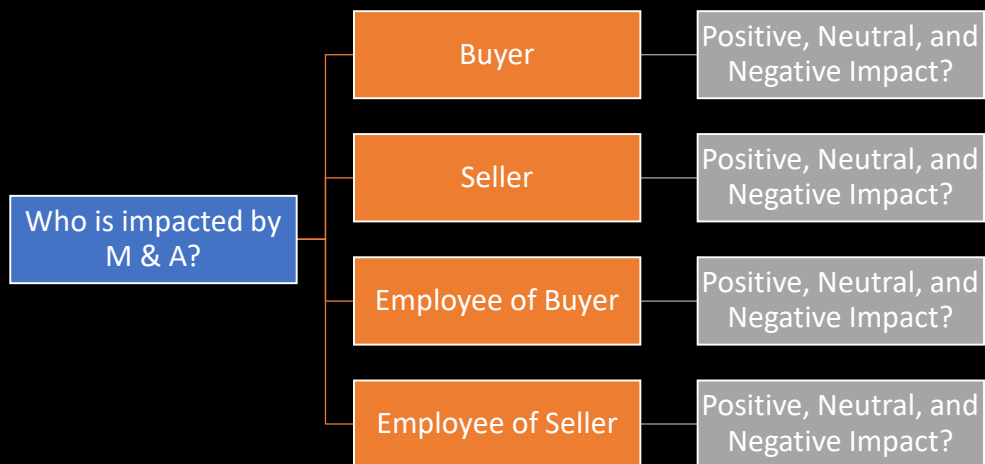


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What is the sentiment of the implications?

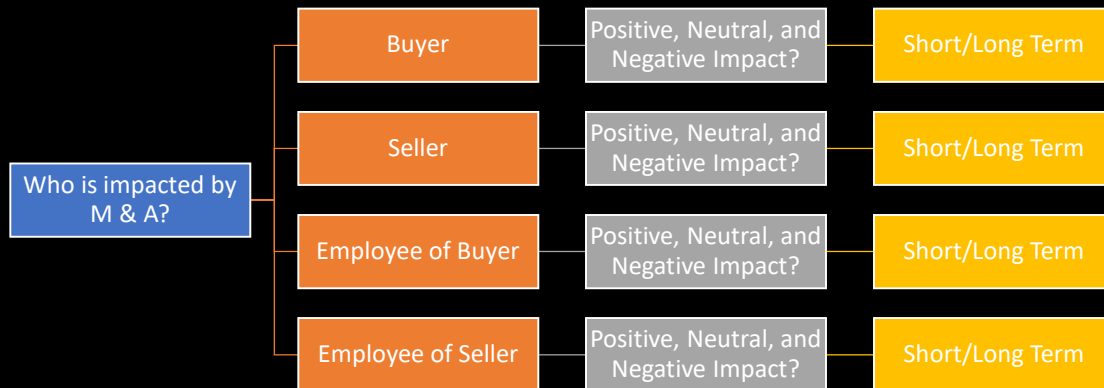


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What is the timeframe of the implications?



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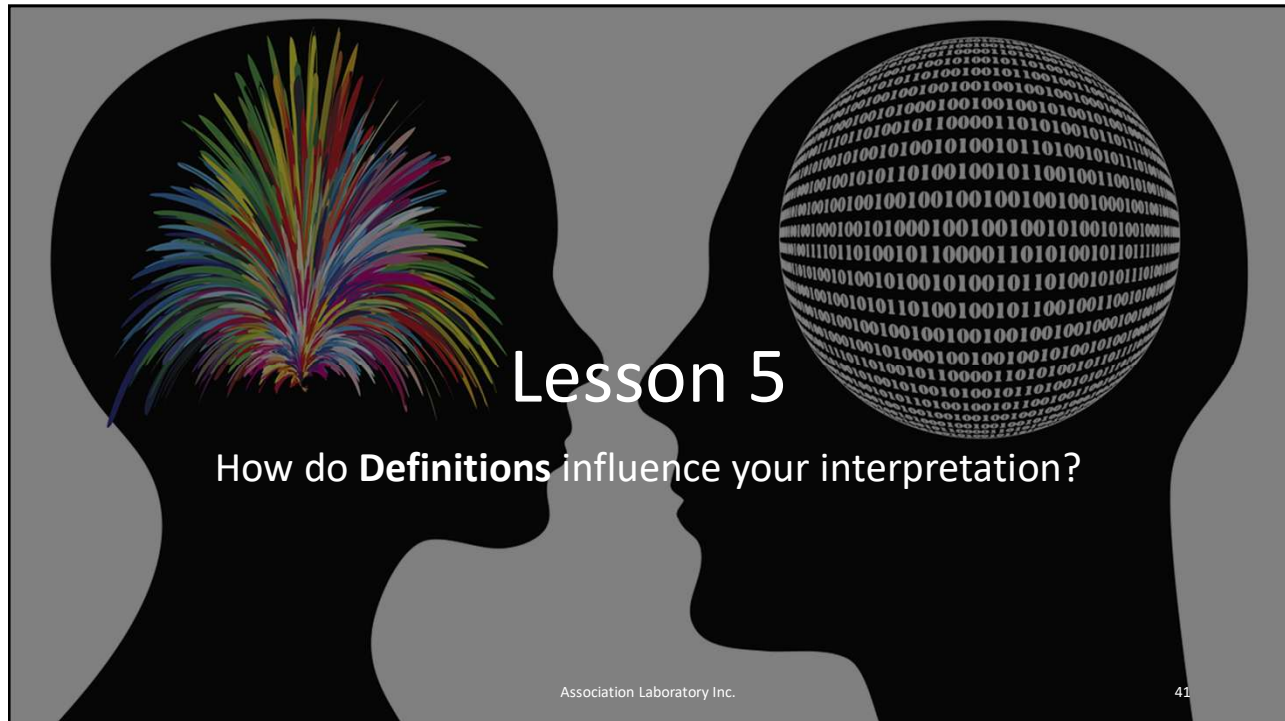
To make better decisions,
understand the
different
Perspectives on
the issue.



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Lesson 5

How do **Definitions** influence your interpretation?

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Group Question

What is
“workforce”?

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3 Step Process

1. Break a complex issue into smaller, logical components.
2. Define each component.
3. Understand the relationship between each component.

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Example 1: Workforce



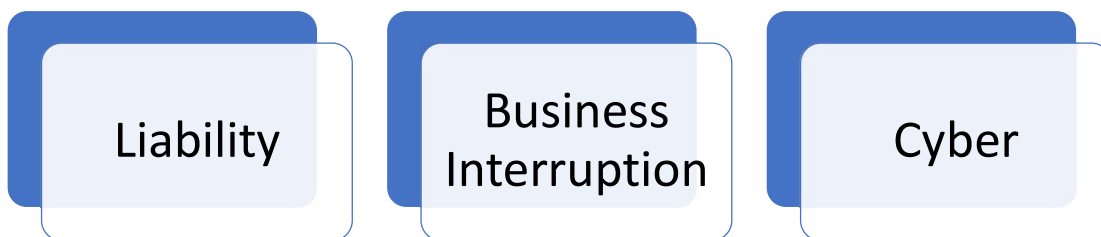
3 components in a linear relationship.

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Example 2: Insurance



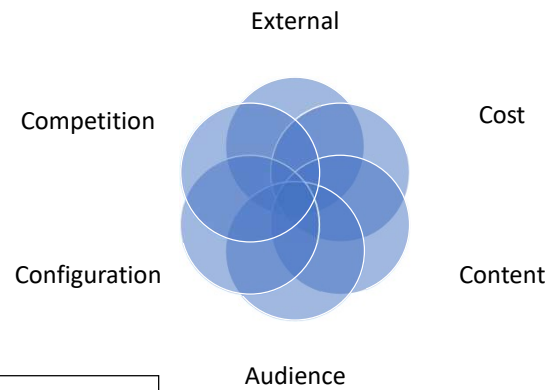
3 components in an **independent** relationship.

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Example 3: Educational Event



6 components in an
intersecting (nonlinear) relationship.

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To make better
decisions, **Define**
the issues and
their relationship.



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Common Mistakes

How will you screw it up?

Alliance for
Pharmacy
Compounding
Compounding the Joy of Living

Owner
Summit

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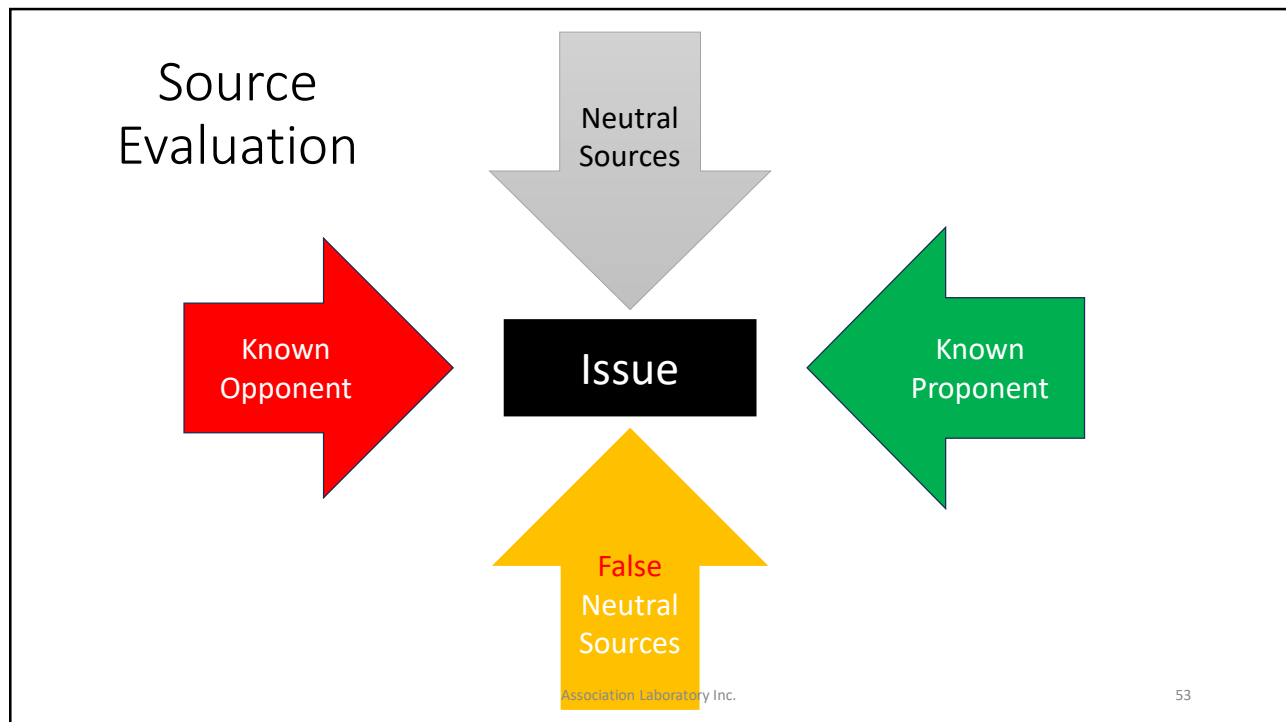
3 Data Quality Warnings

- Source (Your drunk uncle.)
- Sample Size (n = a group of your friends)
- Word Selection
 - Framing Words (“insurrection,” “defund the police”)
 - Hyperbole and Adjectives
 - Speculative Weasel Words (“Coulda, Woulda, Shoulda”)

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Example: Customer Dashboard

Percentage Illusion

“New Product Sales Doubled!!”

You increased it from 2% to 4%.

False Precision

“Customer satisfaction increased by 1.3%.”

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Let's Play – “What's the trend?”

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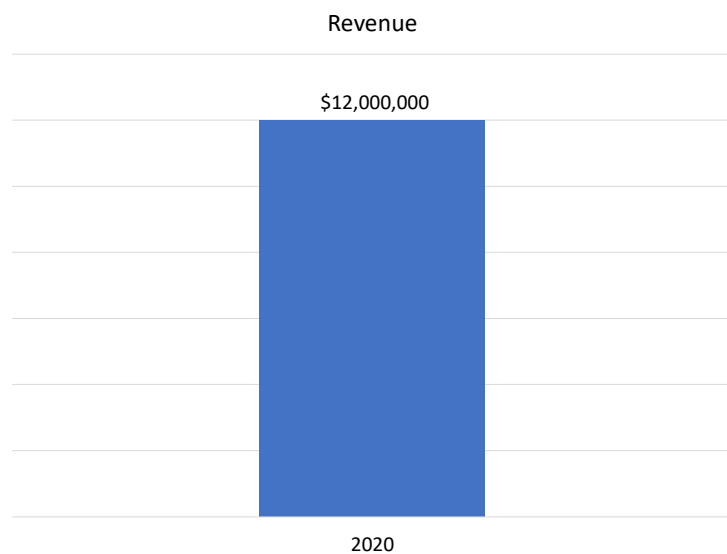
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What is the trend?

Without sufficient data,
you can't identify a
direction.

This is a benchmark.



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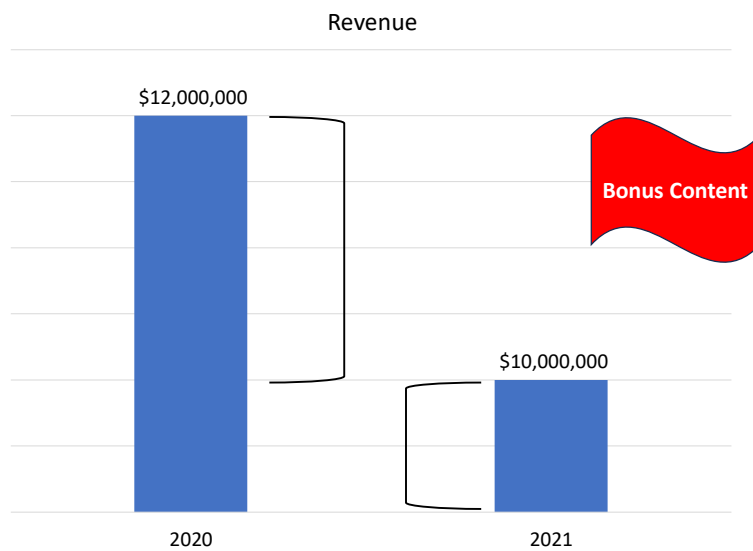
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What is the trend?

You need 3 data points
to identify a trend. They
are calculated, not
drawn.

*This is simply a change.
What is the reason?*



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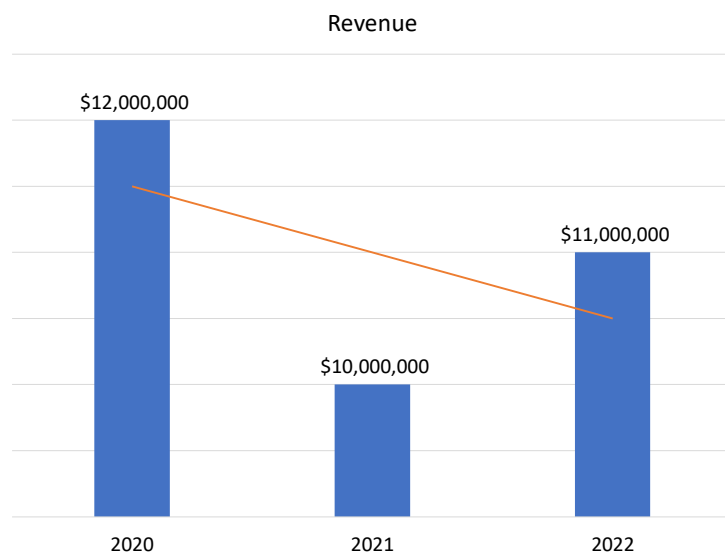
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What is the trend?

At three data points, you have your first official trend.

Annual data requires 3 years, and monthly data requires 3 months.



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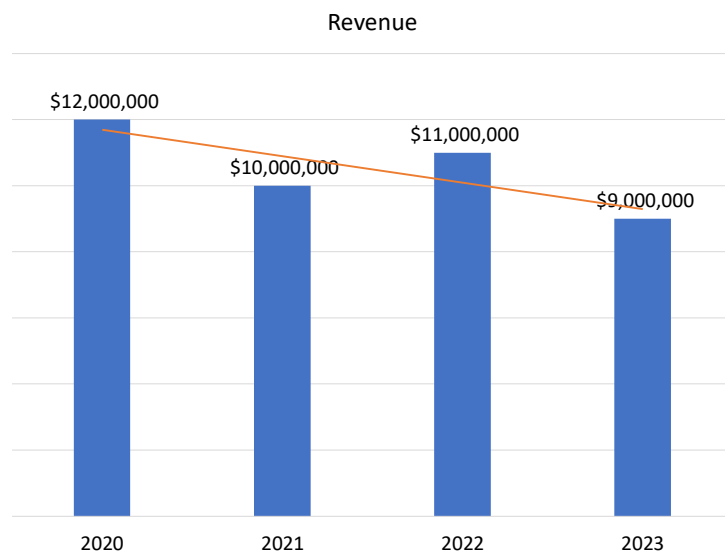
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What is the trend?

Now you have some real data.

Now you can confidently say, revenue is declining.



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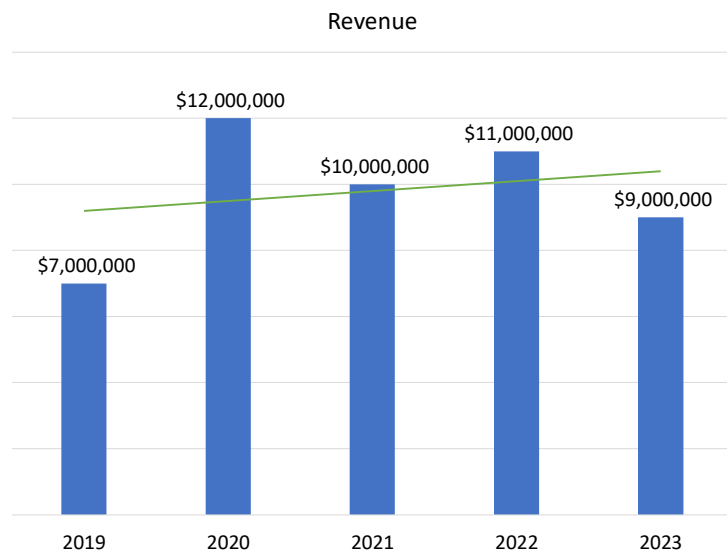
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What is the trend?

What is the timeframe you use for your analysis?

*What impacts changes?
For example, in 2022,
you changed pricing or
promotions.*



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A sample size of 1 = your opinion

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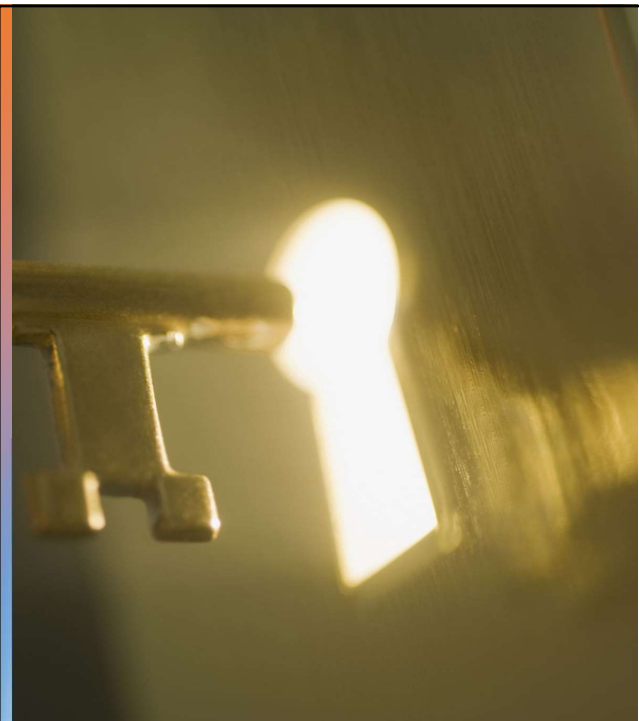
Predicting the Future

What is a process for making better decisions?

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2 Keys to Success

1. Attitudinal change
2. Collaborative decision-making

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5 Key Shifts in Your Attitude

- Make people participants, not recipients
- Participant-based conclusions, not researcher-based conclusions
- Participant-based recommendations, not researcher-based recommendations
- Facilitation, not presentation
- Process, not project

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3 Effective Practices for Collaborative Analysis

1. Investigation to Understand and Consider Framing
2. Identification and Recruitment of People with Diverse Perspectives for Discussion
3. Data-driven, Iterative Analysis

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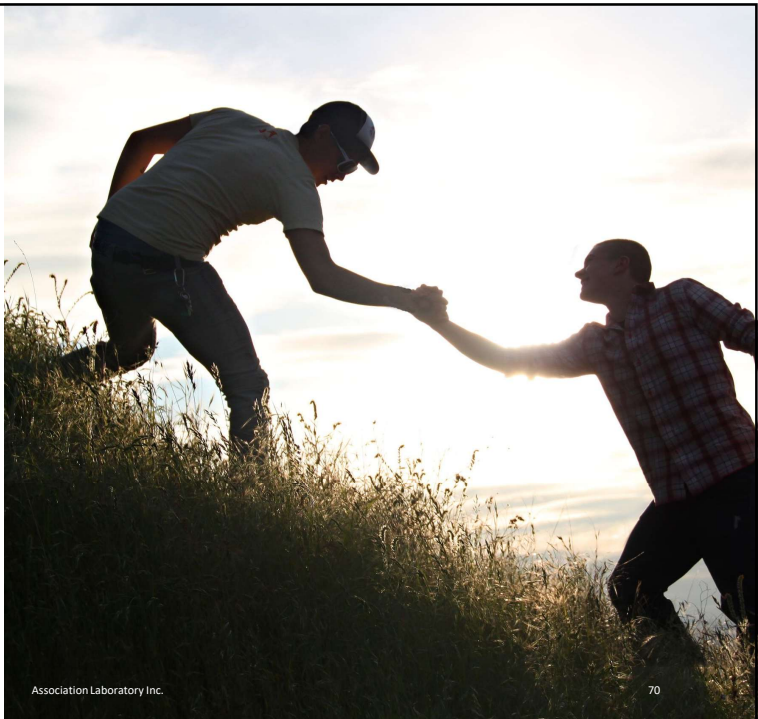


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Do you need help?

- Are you buying competency?
- Are you buying the learning curve?
- Are you buying capacity?
- Are you buying independence, objectivity, or creativity?
- Are you buying all of the above?

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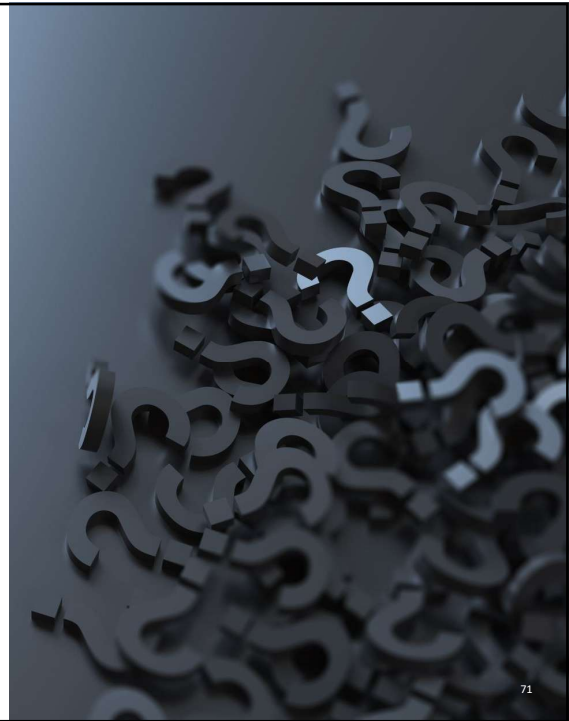
Decision Investigation

1. What issues created interest in or impetus for this examination?
2. What has been these issues' impact on your organization?
3. You can do anything you want, just not everything you want; what issue do you want to address first? What is the priority?
4. At the end of this process, what decisions do you intend to make with the results, and what are the desired outcomes from those decisions?
5. What is the economic or other strategic impact of the decisions?
6. Who else is involved, and what are the internal expectations of staff and the external expectations of other stakeholders regarding what a potential successful process looks like?
7. What are the practical issues important to the project?

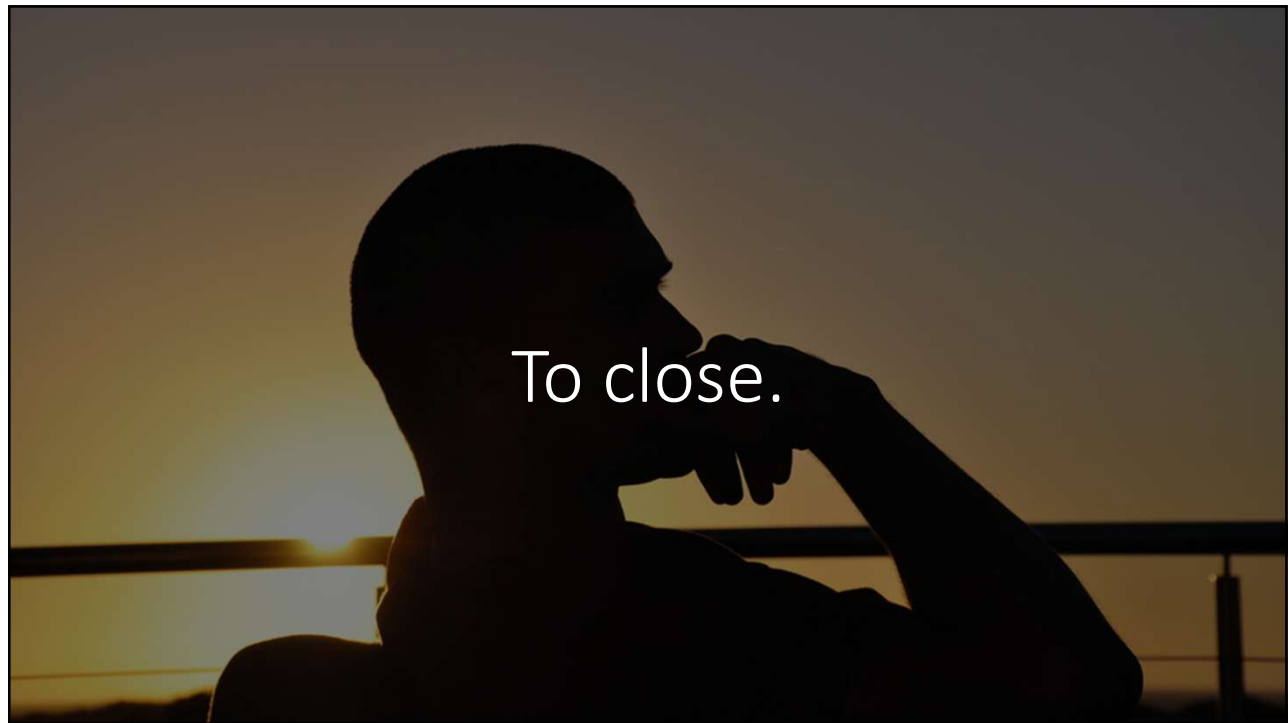
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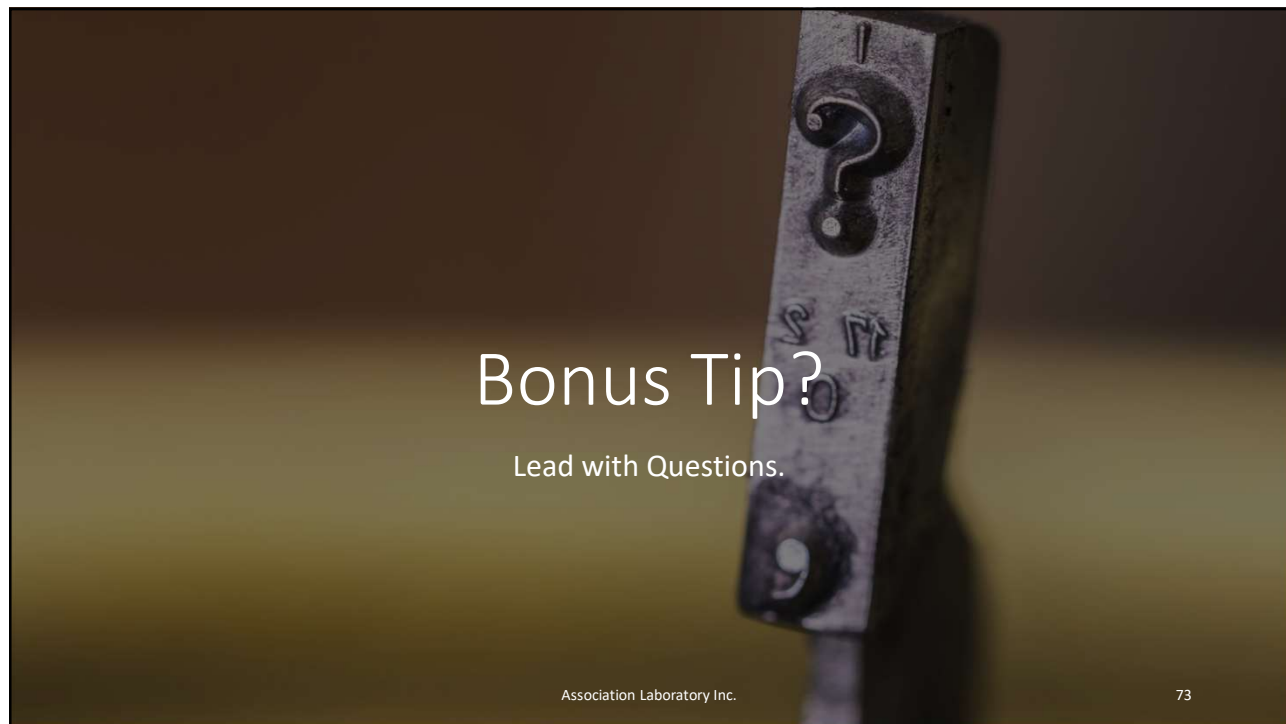
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To close.



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Research & Strategy Consulting Services

Helping association leaders develop successful strategy across multiple domains.

Strategic Planning	Membership Strategy
Environmental Scanning	Education Strategy
Content Strategy	Component Strategy
Credentialing Strategy	Global Strategy
DEI Strategy	Leadership Strategy

2

Sector Research & Insights

The association sector's leading producer of association sector research.

Key studies include

- Looking Forward® Impact
- Looking Forward® Solutions
- Looking Forward® DEI

3

Education & Competency Development

Producing strategic educational content helping association leaders develop the competencies necessary for success.

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25 YEARS HELPING ASSOCIATIONS MAKE BETTER DECISIONS

