



Community Building in Membership & Voluntary Sector Organisations

“Zest for Enlightenment”

Building Value-Adding Communities in Not-for-Profits: Charities and Trade Associations Compared

Ian Harris

8 June 2004

Z/Yen Limited
Risk/Reward Managers
5-7 St Helen's Place
London EC3A 6AU
United Kingdom
tel: +44 (20) 7562-9562



www.zyen.com





Introduction to Z/Yen

- UK's leading risk/reward management firm
- Most experience in: not-for-profit, technology, finance and business-to-business services
- Clients such as Barnardo's, Cancer Research UK, British Red Cross Society, The British Heart Foundation, UNISON, Marine Stewardship Council, The Children's Society
- Projects in strategy, intelligence, fundraising, governance, risk management, finance, IT

www.zyen.com





For What It's Worth?

- “accountability”, “value added”, “impact analysis”, “worth”*
- Z/Yen defines worth as meeting your not-for-profit objectives, which can be:
 - Intangible
 - Complex
 - How can you communicate these objectives and your success in achieving them in a way that will gain support?



Our Research

- Desk research - identifying best practice around the world, but with an emphasis on the UK
- Client research - best practice ideas from the Z/Yen client base
- Structured interviews - where our team met with senior executives of Not-for-Profit organisations, including The British Council, Community Service Volunteers, Diabetes UK, GMB, ICAEW, Mencap, NSPCC, Oxfam GB, RNIB, RNID, St John Ambulance
- Seminar and focus groups - a one-day workshop and subsequent break-out sessions
- Synthesis – paper and presentations





Comparing Evidence Models Commercial and Charities

Level	Commercial Term	Commercial Examples	Charity Sector Term	Charity Sector Examples
1	Commercial objectives	Market Leadership Company Value Profitability (EPS)	Charitable objectives	Relieving poverty in developing nations Saving rare animal species
2	Valuation components (or Critical Success Factors)	Sales Market Share Return on Investment	Outcomes (or Critical Success Factors)	Ensuring that households have sufficient able-bodied people Reducing demand for clothing made from rare animal fur
3	Value drivers (or Key Performance Indicators)	Sales growth Profit margins Sales and Marketing Productivity	Measures (or Key Performance Indicators)	Reduced percentage of local population with AIDS Number of countries prohibiting rare animal fur

www.zyen.com



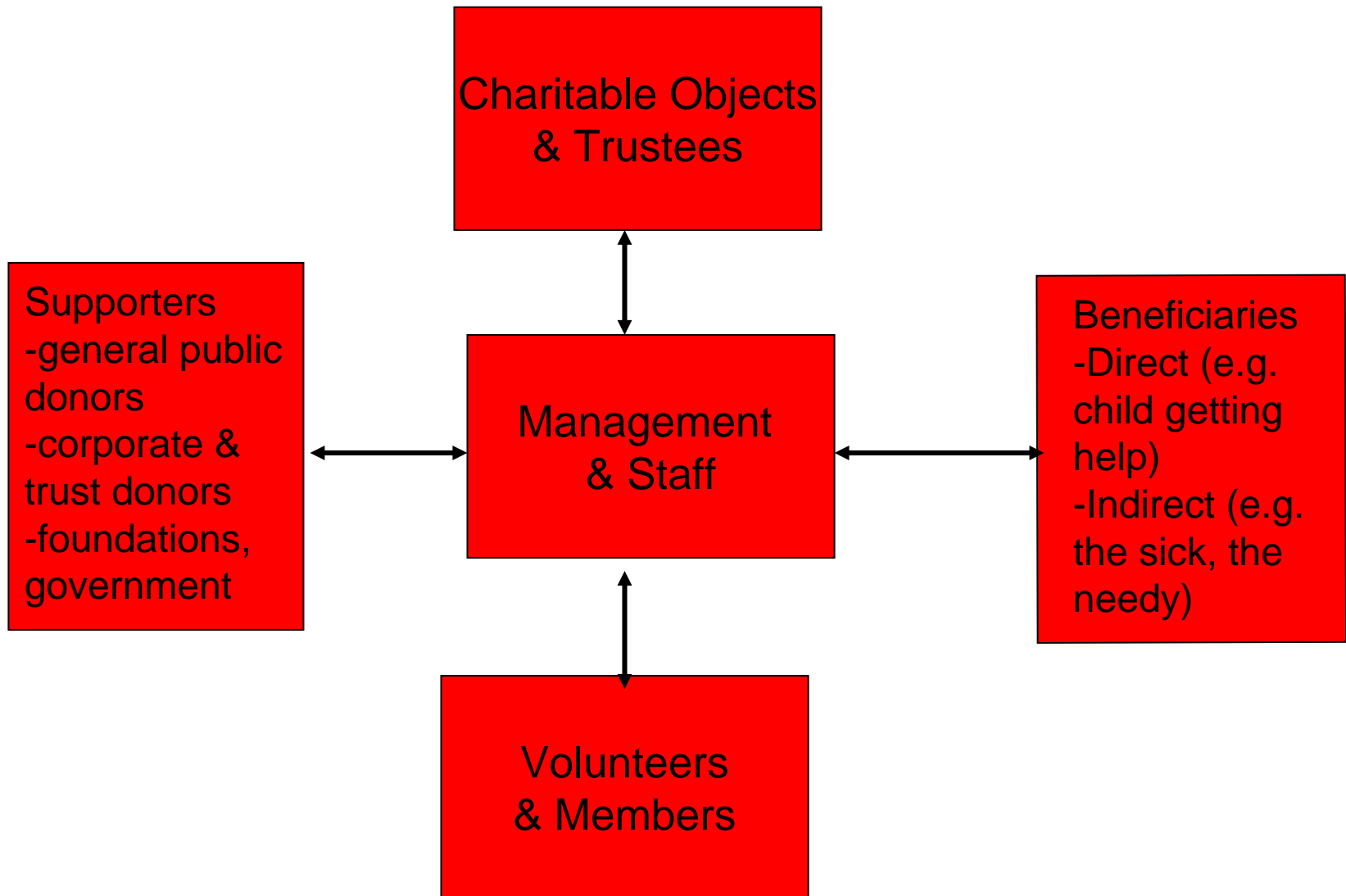


Comparing Evidence Models Commercial and Trade Associations

Level	Commercial Term	Commercial Examples	Trade Association Term	Trade Association Examples
1	Commercial objectives	Market Leadership Company Value Profitability (EPS)	Trade Association's objects	Representing the interests of the companies baking sliced and wrapped bread.....
2	Valuation components (or Critical Success Factors)	Sales Market Share Return on Investment	Value Added Statement (or Critical Success Factors)	Increased revenue for industry Increased profitability for industry
3	Value drivers (or Key Performance Indicators)	Sales growth Profit margins Sales and Marketing Productivity	Valuation Measures (or Key Performance Indicators)	Avoidance of specific unhelpful regulatory costs Members perception of network value



Stakeholder models





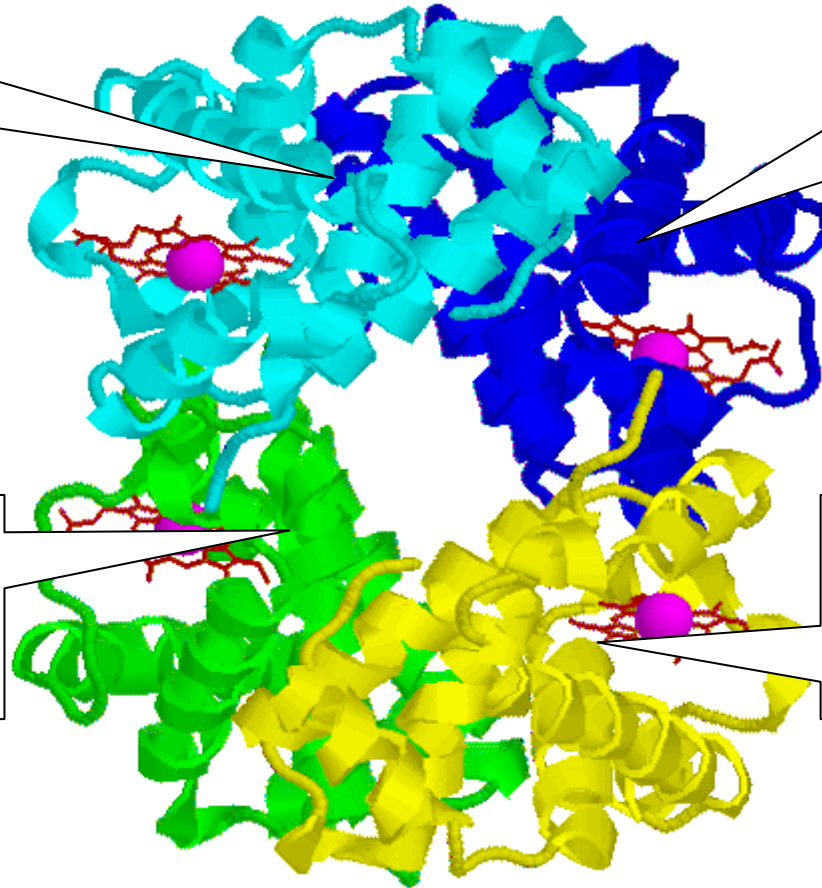
Emerging Themes

Four C's

Aspiration
versus
Imposition

Gathering
Evidence

Outcomes
not Outputs





Demonstrating Evidence of Worth

- Different elements require different measures
- Different measures require varying messages
- Manage complexity of your measures
- Develop tangible measures of value to analyse your work



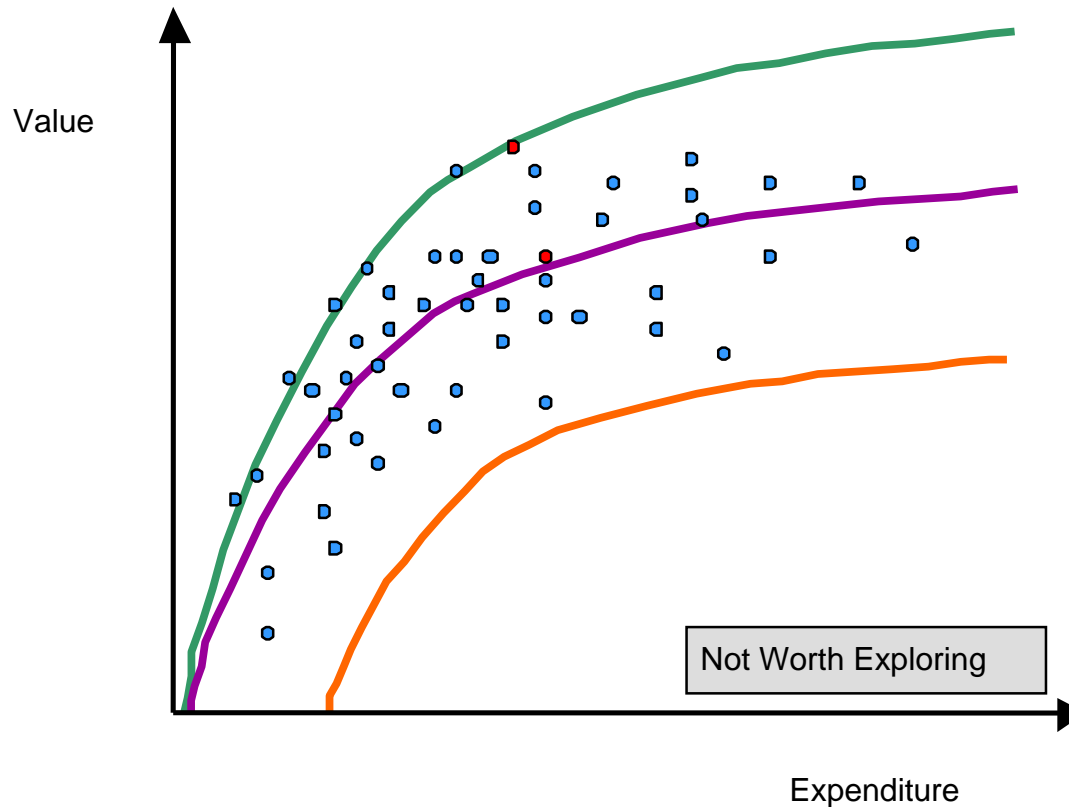


Portfolio Analysis: Evidence-Based Resource Optimisation

- Portfolio Analysis uses scenarios to help achieve “more for less”
 - A tool to evaluate resourcing decisions
 - A process for you to value your work
 - A methodology to support difficult decisions
- Applied in community organisations to:
 - Help the management team decide where to focus strategy and resources
 - Evaluate worth of investment decisions (e.g. new services, IT)



Scenario Summary



This slide needs tidying – trying to track down original with MRM





Successful Portfolio Analysis

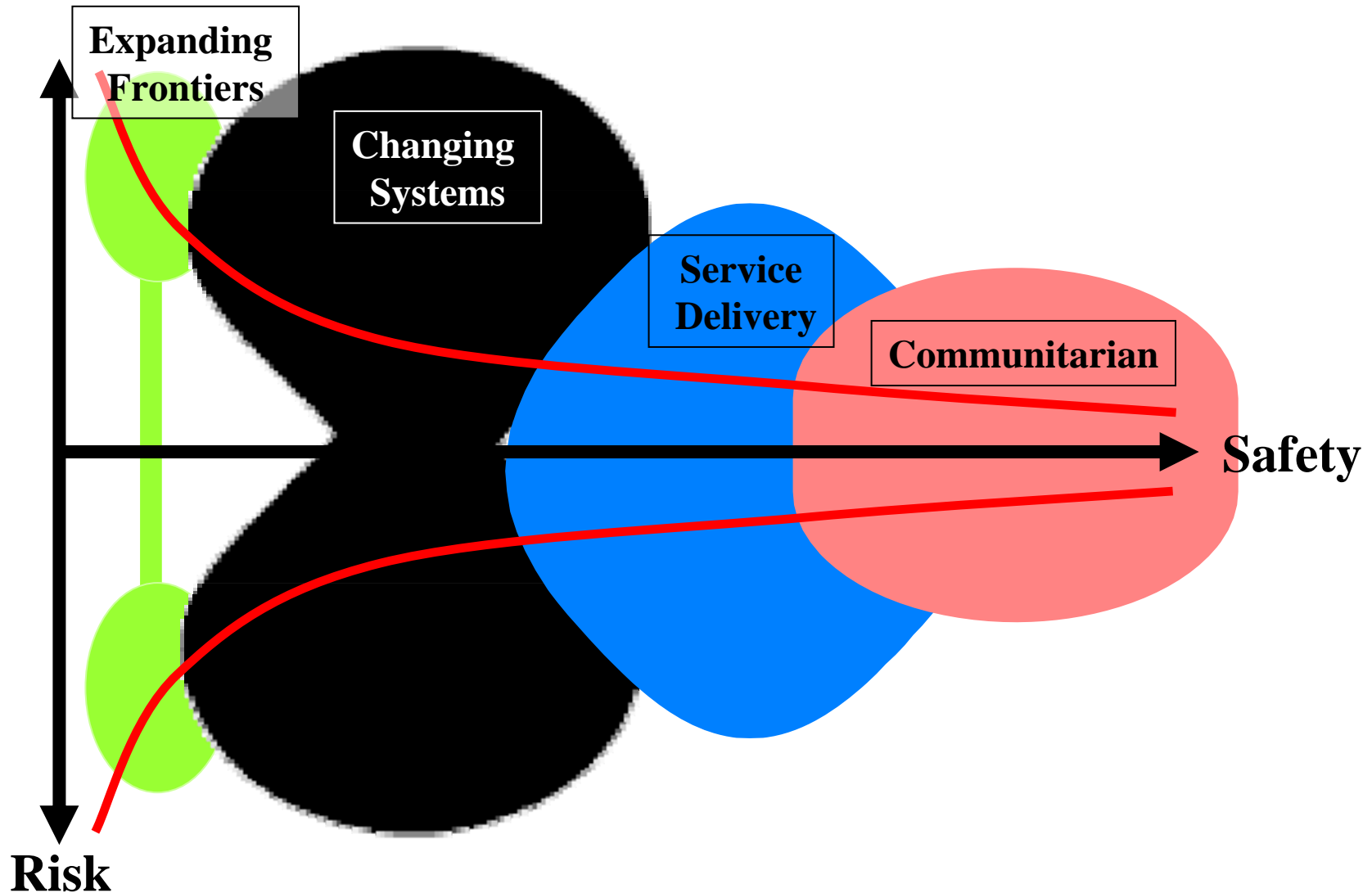
- Do not over emphasise the tool
- Focus on the analysis and team discussion
- Understand the different types of measurements you can use
- Neither Status Quo nor Rolling Stones





Risks and Rewards for Not-for-profits

Reward





Framework of Suggested Measures

Information:	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
Risk Avoidance/ Management	Proportion of project costs jointly funded	Name recognition among public/MPs	Reduced cost of legal/ investigative resources	% reduction in complaints
Quality of life/ Volatility Reduction	Number of citations of research papers	value of reduced volatility	Certification from Regulators, e.g., Care Standards Agency	% membership retention each year
Reward Enhancement	% of projects with commercial exploitation	Reduction in drug use within community	Proportion of clients entering care system decreases	Increased participation in regional/ national groups





Trade Associations, Charities and Commercial Organisations Compared

Information:	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
Trade Associations	Outside the scope	Type B measures	Type A measures	Type C measures
Charities	research oriented	advocacy oriented	service delivery oriented	membership and/or volunteering oriented
Commercial Organisations	R&D / innovation oriented companies		arms- length services and/or defined manufacture	Clubs and/or “network value” professional services



Summary

- More similarities than differences
- Different processes led to similar measurement frameworks
- Practical tools do exist to help measure value
- Value of communities relevant to all sectors
- Questions / discussion

