1% for the Planet: Value added services

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Agenda

1. Problem statement
2. Methodologies
3. Potential solutions (value added service):
   a. Strategic giving for high net worth individual/family
   b. Cause marketing campaigns
   c. Corporate social responsibility initiatives
4. Key takeaways
5. Questions for further research
6. Broader considerations
7. What did we learn?
Problem Statement

1% seeks to increase the organization’s earned income by 25% or more annually through new service offering

- How to solve it:

  Investing in a new service offering is a way to scale mission delivery:

  Providing credibility to current members

- What is the current situation:

  1% for the Planet drives $20 Million in annual giving from member companies to more than 2,000 environmental non-profits. The rigorous evaluation process for assessing the effectiveness of these non-profits is part of the service they provide to those member companies. This is a valuable service and expertise that they are currently **not leveraging** with non-member businesses and individuals.
Methodologies

Secondary research
Competitive analysis
MIT resources
Interviews

1. Understanding current situation
2. Landscape
3. Weekly discussion with 1%
4. Conducting interviews
5. Creating areas of prioritization
6. Assessing risks and opportunities
7. Making recommendations
Market dynamics

Private wealth - Strategic Giving

Competitive environment

highly competitive market:

- boutique firms
- non-profit donor programs
- bank/wealth advisor services

wealthy individuals also:

- create foundations
- source NPs themselves

Source*: Expert Interviews
Market dynamics

Private wealth - Strategic Giving

Current market

High net worth individuals and families tend to be private. As a result, it is very difficult to develop relationships with them.

- Brand recognition/reputation or a strong referral plan is essential
- Even with these established firms, significant resources must go into networking and building relationships

Individuals are looking for a suite of services

- Most notably, firms all offer mediation services to help families build consensus around giving
- Many clients are looking to give to a wide variety of causes

Most high-net-worth donors do not have a strategy or budget for their giving

Source: U.S Trust

Source*: Expert Interviews
1% for the Planet SWOT

Private wealth - Strategic Giving

Strengths

• Reputation for credibility and expertise
• Knowledge of and relationship with well known and trustworthy environmental non-profits
• Experience distilling meaningful giving strategies from private-sector mission statements

Weaknesses

• Other service providers also assist in mediation and coalition building in families
• Other service providers offer other financial services
• Only focus on the environment whereas other organizations in the space cover more categories

Opportunities

• Most high-net-worth individuals do not have a strategy for giving
• Many private wealth firms rely on individuals sourcing own NPs

Threats

• Expert interviewees see no gap in the market
• High net worth individuals and families can often be private and therefore difficult to reach. Curating relationships with target clientele might stretch 1% staff thin
Market dynamics

Cause marketing

Current market
Cause marketing agencies develop on-brand marketing campaigns that support non-profits, foundations, and other causes

• Demand largely driven by for-profit clients
• Supply of non-profits based on agency-specific network and relationships

Marketing agencies largely follow two models:

• **Cause-focused**: agencies that focus on marketing campaign messaging for non-profits
  • Ex: media
    cause

• **PR-focused**: agencies that build cohesive marketing campaigns with brand-relevant non-profit partners
  • Ex: SCHOOL

Competitive environment
The Cause marketing industry has experienced steady growth over the past decade, with consumers become increasingly focused on social and environmental causes

• 92% of consumers claim to have a more positive image of a company when it supports CSR issues*

With more firms engaged in cause marketing, differentiation comes from ability to provide end-to-end campaign services, including:

• Creating an on-brand giving story
• Sourcing on-brand charity partners
• Facilitating company/non-profit relationship and campaign development

Source: *2017 Cone Communications CSR Study
1% for the Planet SWOT

Cause marketing

**Strengths**
- **Strong relationships** and **credibility** with impactful nonprofits
- **Existing partnerships** with 1% members
- **Expertise** within environmental impact space
  - Environmental focus allows for both **breadth and depth of industry knowledge**

**Weaknesses**
- Minimal marketing and/or PR skills and experiences
  - Many PR-focused firms offer cause marketing as part of broader **portfolio of marketing services**
- **Minimal resources** to devote to time intensive marketing efforts
  - Firms allocate 2+ FTEs to top clients’ campaigns

**Opportunities**
- Leverage existing member/nonprofit relationships for marketing campaign development
- Provide cause marketing services (nonprofit connection, brand-specific campaign) to companies unable to commit to 1% expectations

**Threats**
- Expansion behind core set of competencies could **stretch 1% staff thin**, limiting ability to provide services up to current member expectations
- Cause-driven agencies building non-profit relationships might have **adverse impact on retention and acquisition of members**
Market dynamics

Corporate social responsibility initiatives

Current market

Key Facts:
➢ Companies are willing to invest and spend more resources on CSR:
➢ 90% of executives see sustainability as important, but only 60% of companies have a sustainability strategy
➢ 60% of companies have a sustainability and social impact strategy, only 25% have developed a clear business case for their sustainability efforts
➢ Jet Blue, Pepsico, Unilever

Competitive environment

Players:

Source: BCG Corporate Sustainability Report, 2016
1% for the Planet SWOT

Corporate social responsibility initiatives

Strengths
- Strong presence and reputation in nonprofit field: customer will rely on their services
- Highly skilled in environmental sustainability issues and social impact space
- High number of nonprofits with important alliances

Weaknesses
- Limited internal resources to broaden their services, allocation of resource
- Range of different services that 1% can offer, however some services require specific skills and knowledge
  - Non-core competency

Opportunities
- Improve their service scope: development strategy business plan to companies, due diligence, social impact advisory
- By engaging in CSR activities, companies gain reputation, credibility, and support from stakeholders

Threats
- Large number of competitors in this field: consultant and service advisors
- Limited ability to focus on the services while other players are well equipped
- Would require increased capacity that might stretch the 1% staff thin
While most wealthy individuals do not have a strategy for giving, experts interviewed do not believe that means there is a gap in the market. 1% would thus have to create that gap by creating market demand. We believe this may be out of the scope of 1%’s current capabilities.

This segment is highly competitive especially because of the presence of PR firms, which have specific expertise to offer. Explore cost and benefits of entering this segment:
- Costs: increasing capacity, public perception
- Benefits: potential increased revenue, high margin

CSR is not an area where 1% presents current capacity and they have not identified yet strategic interest in going further.
Questions for further research

- How could 1% create a space for itself in the market? Areas to explore:
  - fee-for-service for private wealth managers already working with clients or referral program through private wealth management
- What investments would be required to enter this market? Pricing structures, networking connections, additional infrastructure, marketing, etc
- Does 1% have resources (internal employees, cross-training) to allocate to a potential “cause marketing” department?
- What is the required investment?
- Do current members require this kind of service? Is there a current willingness to pay for this?
- Areas to explore: i) fees 2) pricing structure 3) potential customers segmentation to reach.
Broader Considerations

How else could 1% increase its revenue by 25%?

POTENTIAL NEXT STEPS

- Analyze internal company efficiencies and inefficiencies
  - Do people have capacity to take on more work? Is there capacity to onboard more?
  - Managing the “optimal challenge”*
  - Are there ways to lower operating costs as a way to increase margin?
  - Is there a potential to brainstorm with the current 1% team to find areas they believe they could add value and grow revenue?

- Reevaluate current pricing structure
  - Is current price truly capturing cost of team’s efforts?
  - What is member price sensitivity?
  - Could there be a more nuanced price structure? More tiering?
What did we learn about the topic?

- Private Wealth advising is a highly competitive market with players who excel in financial advising and family mediation.
- Cause marketing is a growing field that requires both an understanding of and relationships in the non-profit world and marketing/PR expertise.
- CSR is, in many ways, the best fit for an organization like 1% for the Planet, which can leverage topic expertise and corporate relationships.

What would we want in a pilot?

- Full organizational involvement and investment in a pilot endeavor.
- Investment in growing financial and marketing capabilities, including:
  - training for 1% staff
  - hiring FTEs with specific experience in these fields
- Pilot, paid offerings of wealth advising or cause marketing with both current 1% members and other companies.

What did we learn about 1% for the Planet?

- Successful projects and pilots require full organizational investment
  - Siloed CEO decision-making limits a full understanding of company needs and capabilities.
- 1% differentiation is due to its area expertise and reputation, both of which could be leveraged for expanded offerings and relationships.
  - However, expanding beyond its core could have negative reputational impact if resources stretched too thin or working outside of true capabilities.
Sources

Interviews:

- Portfolio Manager, Howland Capital
- Schwab Charitable
- Private Wealth Management, Morgan Stanley
- Consultant, Prospero World
- Consultant, Graham-Pelton
- Senior Wealth Management Advisor, Merrill Lynch
Sources

Works Cited


