

Halmyre Thinking

# BENCHMARKING NFP VALUE PROPOSITIONS

2021



# Not-for-profits are like no other organizations.

## Eight Insights to Drive Value Proposition

This first annual report is designed to help NFP leaders and executives understand where to make strategic, organizational investments to develop the long-term resilience of their organizations.

Halmyre set out to benchmark how CEOs viewed their organization's strength and readiness related to their

- value propositions
- pricing strategies
- audience engagement
- changing audience wants and needs
- data analysis

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# Executive Summary

## 2021 Study Reveals Not-for-Profits' Lack of Alignment on Value Proposition Strategies

According to the findings of Halmyre's 2021 Benchmarking NFP Value Propositions Survey, many NFPs have poor alignment between their CEOs, the board and their membership.

Some challenges relate to the lack of a strong value proposition and to poor alignment of management and organizational behaviours that demonstrate leadership around the value proposition. This inability to articulate and proactively manage the value they provide to membership, audiences and stakeholders affects these aspects of an NFP:

- Operational efficiency
- Ability to attract and retain vital members, stakeholders and community support
- Capacity to weather shocks and external changes

### Why does this matter?

#### Three risks of value proposition misalignment:

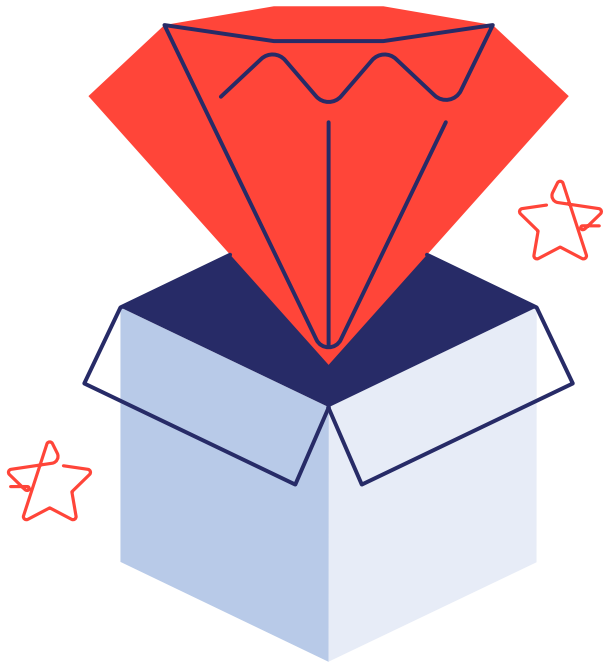
1. It reduces the NFP's operational efficiency.
2. It impairs the NFP's ability to attract and retain vital members, stakeholders and community support.
3. It interferes with the NFP's capacity to weather shocks and external changes.



## At-a-Glance: Eight Insights from the 2021 Benchmarking Study

Halmyre's Benchmarking NFP Value Propositions Survey for 2021 found the following:

1. Only 49% of NFPs have a value proposition.
2. 88% of respondents with a value proposition are confident in their NFP's implementation of the strategic plan.
3. Only 56% of all NFPs use a specific pricing strategy.
4. More than 50% of respondents have a negative view of their NFP's pricing.
5. "Benchmark" and "cost-plus" pricing strategies are the most popular.
6. Only 7% of leaders are very confident they know their audience's changing wants and needs.
7. Value proposition is intimately tied to confidence in audience engagement.
8. 54% of respondents have no or low-level plans to invest in data analysis.



# Key Insights

## 1. Only 49% of NFPs Have a Value Proposition

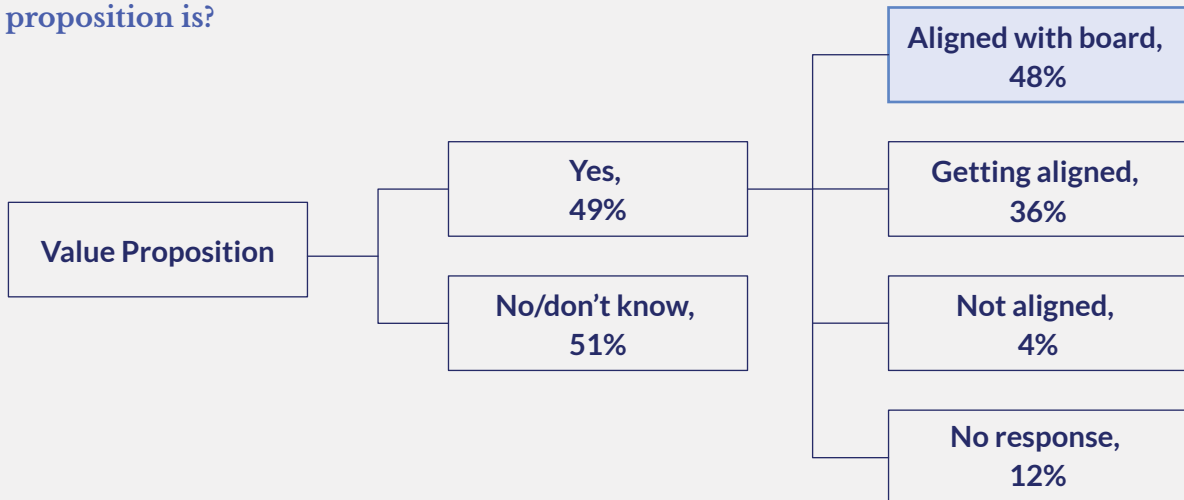
A **value proposition** is a succinct statement of your NFP’s fundamental strategy or reason for being. It answers the existential question, “Why are we here?”

*“The value proposition is not universally understood and as such many management teams have not purposefully created a value proposition statement for their NFP. It is a very clear and specific marketing strategy that benefits all organizations.”*

**David Lloyd,**  
Vice President, Marketing Intelligence, Halmyre

Figure 1.

Does your NFP have a clear, approved value proposition?  
Are the board and administration aligned on what that value proposition is?



## 2. 88% of Respondents with a Value Proposition Are Confident in Their NFP's Implementation of the Strategic Plan

### Facts

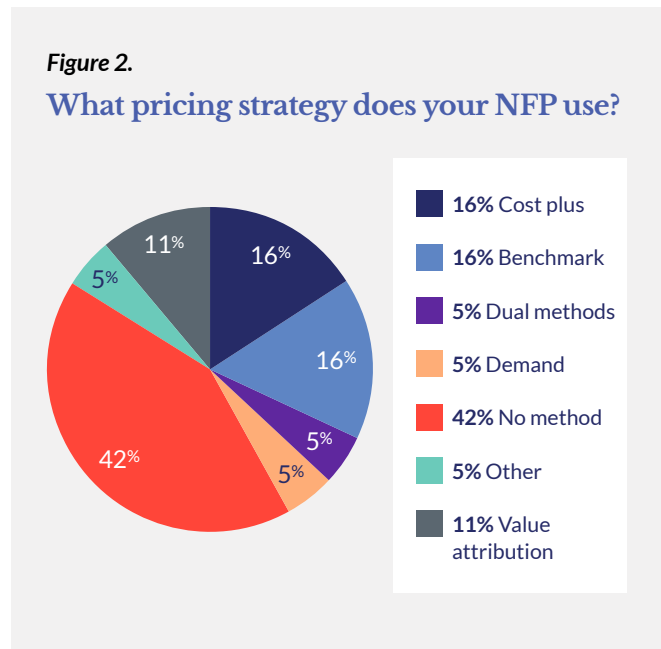
- Of the 51% without a set value proposition, 61% nonetheless responded that they believe their NFP is implementing its strategic plan effectively.
- Among those that do have a set value proposition, confidence in implementing their plans grew to 88%.

### Halmyre's Insights

- It is striking that confidence in leaders' ability to implement strategic plans is not tied to whether or not they had a set value proposition to start with.
- Results may indicate a lack of alignment between CEOs, board members and their operational teams.
- **DYK?** NFPs that had more, and more engaged, volunteers seemed to have a better grasp of their members' needs. Is that because they are more "in tune" to listening to them?

*"There is misalignment between NFP leaders, boards and administrative staff on a value proposition strategy. This ultimately wastes an NFP's two most valuable resources: time and money."*

Christine Saunders, President, Halmyre



## 3. Only 56% of all NFPs Use a Specific Pricing Strategy

### Facts

- 44% of all NFPs do not have a pricing strategy.
- Of organizations that have value propositions, only half have a specific pricing methodology.

### Halmyre's Insights

- One risk of not having a pricing strategy is that you leave money on the table.
- Lacking a price strategy sends the wrong signals to your audiences about the quality of your offering.

*"Take a good look at your pricing. It's fundamental and getting it right is worth it. Getting it wrong can undermine success."*

David Lloyd, Vice President, Marketing Intelligence, Halmyre



## 4. More than 50% of Respondents Have a Negative View of Their NFP's Pricing

### Facts

- 51% of respondents have a negative sentiment, which may indicate they don't think their NFP's pricing strategy is effective.
- 30% of respondents are at best neutral on their pricing strategy.

### Halmyre's Insights

- The most commonly used terms with respect to CEOs' negative view of their pricing strategy were "data," "association" and "variables." This speaks to a lack of trust in the data on how they should price and in the value they provide to members.
- Most CEOs also ranked optimizing pricing strategies as one of their lowest priorities with respect to success factors in their overall strategy.

*"In the- 'negative'-and-'neutral'-categories, the terms seem to be about the inherent structure of NFPs themselves. I think these two sentiments offer insight about how leaders feel they're on their back foot. They don't command their value equation (pricing). They feel that audiences, members and the markets do."*

Christine Saunders, President, Halmyre

Figure 3a.

Reasons for confidence in pricing strategy.

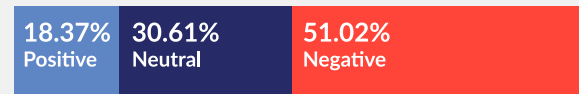


Figure 3b.



## 5. "Benchmark" and "Cost-Plus" Pricing Strategies Are the Most Popular

**Benchmark pricing** involves comparing your prices to competitors' prices within your market segment.

**Cost-plus pricing** involves adding a markup to the product's unit cost.

### Facts

For NFPs with a value proposition, two pricing strategies are most dominant:

- 15.8% use a benchmark pricing strategy and have a positive sentiment about its effectiveness.
- 14% use a cost-plus pricing strategy and have a moderately positive sentiment about its effectiveness.

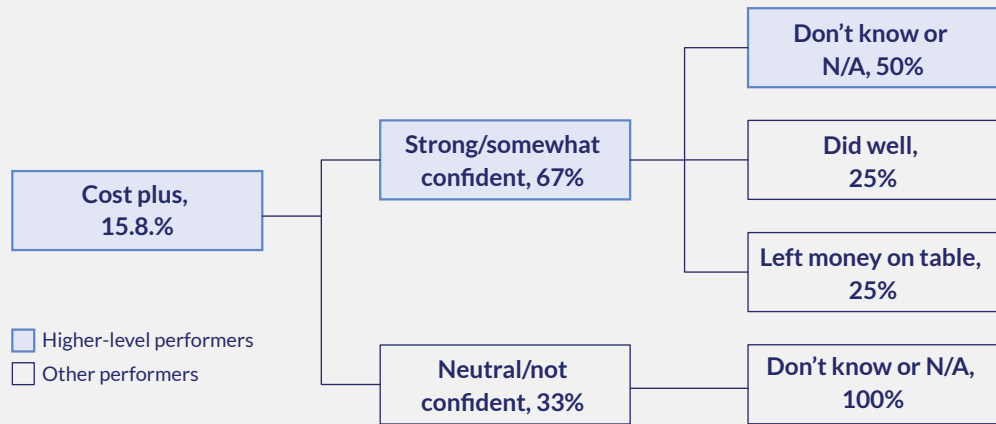
Figure 4a.

60% of organizations with a value proposition that used benchmark pricing reported doing well on pricing.



Figure 4b.

Organizations with a value proposition using cost-plus pricing had higher confidence. Self-reporting was less clear, however. Of the top two pricing strategies, cost-plus is the more complex to manage.



### Halmyre’s Insights

- Both pricing strategies are easy to manage and understand, and are the least aggressive in terms of positioning the NFP for growth.
- They are not ideal strategies for growing your communication of holistic value to your audiences.
- **DYK?** 43% of respondents did not answer the question about whether the board is aligned with the pricing strategy.

*“Commodity pricing strategies will communicate a commodity value proposition. Find the areas where you are best, find the wants and needs you fulfill better than anyone, and set a price that signals that it is worth it.”*

**Christine Saunders**, President, Halmyre

## 6. Only 7% of Leaders Are Very Confident They Know Their Audience's Changing Wants and Needs

### Facts

- Respondents rated their confidence in having a good understanding of their audience's changing wants and needs:
  - 7% were very confident
  - 72% were tentatively confident
  - 13% were either not confident or not at all confident

### Halmyre's Insights

- A member-centric, resilient organization is grounded on understanding the ever-changing wants and needs of your audience.
- The ability to confidently know if, how and when the group you serve changes is essential to creating a resilient value proposition.

*"When we reviewed the responses, there was a sense of 'I guess' rather than 'I know' to the answers on this issue. If respondents are not prepared to listen to their members (i.e., not investing in data-driven insights), and if COVID-19 has changed what they are able to do (no more in-person events), they will need help to successfully communicate with and advocate for their membership."*

Ursula Green, Vice President, Customer Experience, Halmyre

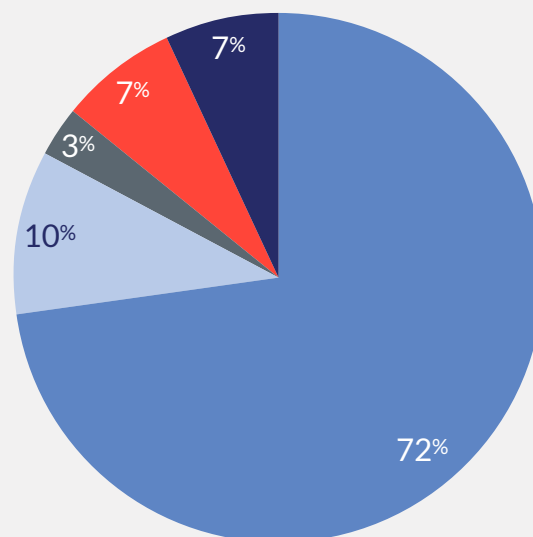


Figure 5.

### How confident is your NFP in understanding changing audience wants and needs?

Have, or think they have, a good understanding:

- 7% Very confident
- 72% Tentatively confident
- 10% Not confident
- 3% Not confident at all
- 7% I don't know

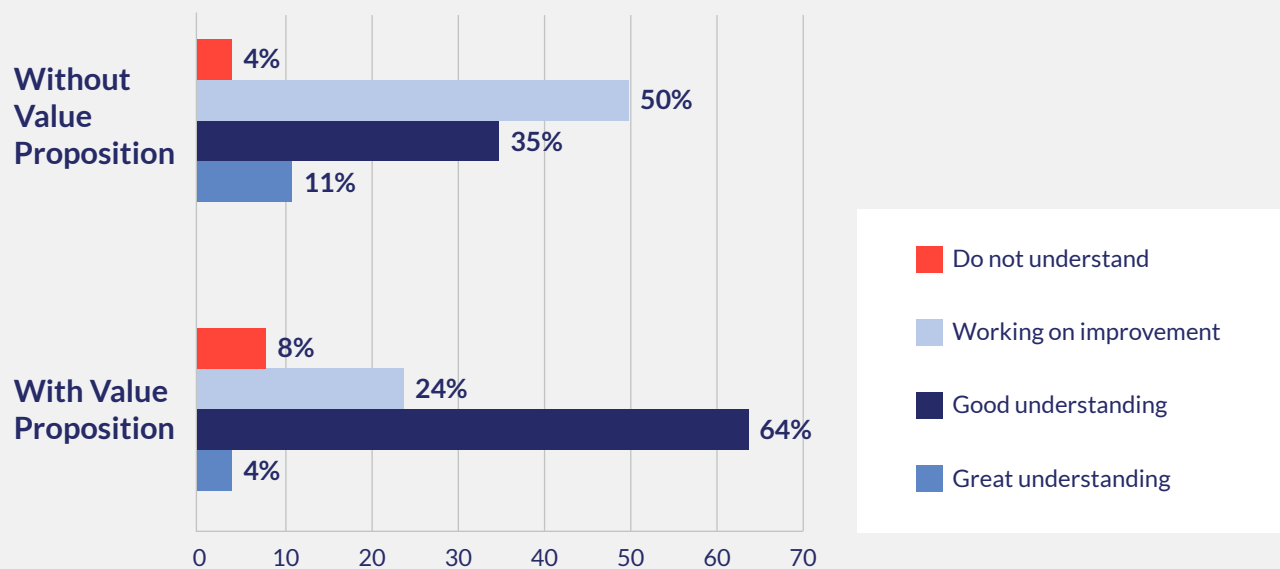




## 7. Value Proposition Is Intimately Tied to Confidence in Audience Engagement

Figure 6.

### Current understanding of customer engagement



### Halmyre's Insights

- NFPs with a value proposition have much greater confidence in customer engagement – the percentage that are “confident” or “very confident” is almost 1.5 times greater than for organizations without a value proposition.
- Engagement is the unique measurement of your value proposition.

*“Engagement is a feeling and an attitude. Data can help, but quantifying engagement is not the same as looking at open rates. It goes so much deeper into complex behaviours than that.”*

**Ursula Green**, Vice President, Customer Experience, Halmyre

## 8. 54% of Respondents Have No or Low-Level Plans to Invest in Data Analysis

### Facts

- 54% of respondents have no or only weak plans to invest in data analysis, but only 21% of those respondents are confident in their data insights.
- Confidence in data insights rises to almost 50% in the 22% of respondents with moderate investment plans.

### Halmyre’s Insights

Why do many NFPs have trouble collecting and analyzing data? Value proposition and size seem to matter.

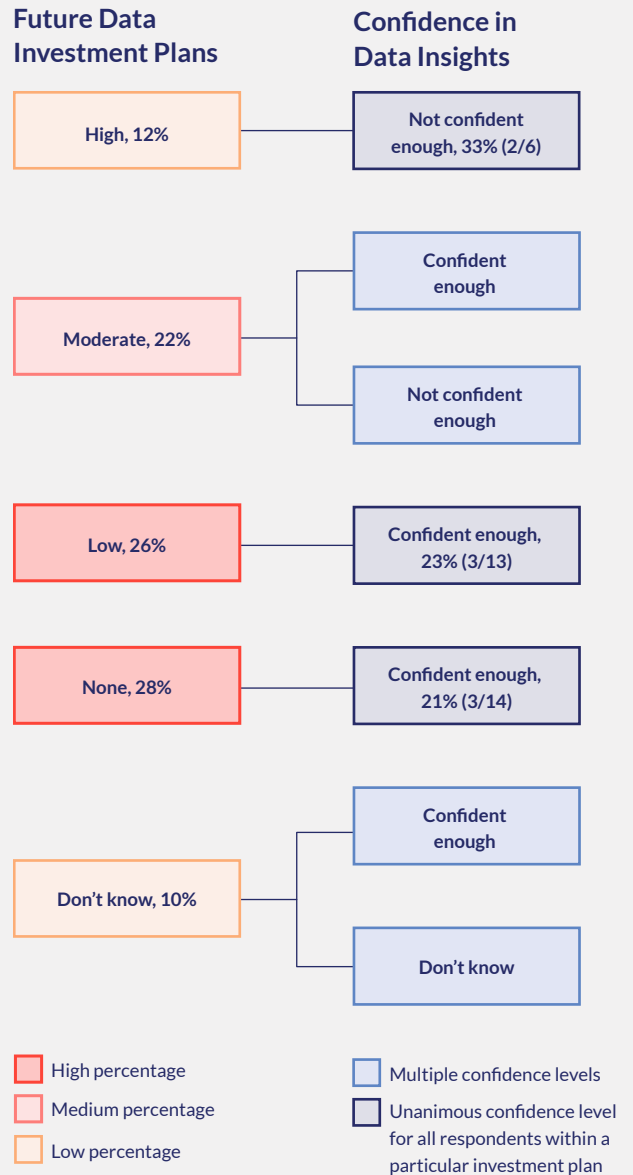
- Organizations with revenue greater than \$3 million believe they spend the right amount of time on data analysis and have higher confidence and better-developed investment plans than others.
- Those with a clear value proposition are more likely to be confident in what to do with the information they collect.

*“Data is confusing if you don’t know what to measure. Lack of direction in data collection and analysis can lead to a shotgun approach, as well as poorly conceived reports that end up confusing as opposed to illuminating issues.”*

**David Lloyd,**  
Vice President, Marketing Intelligence, Halmyre

Figure 7.

Investment plans compared with time spent on analysis and level of audience insight confidence reported, by topline revenue.

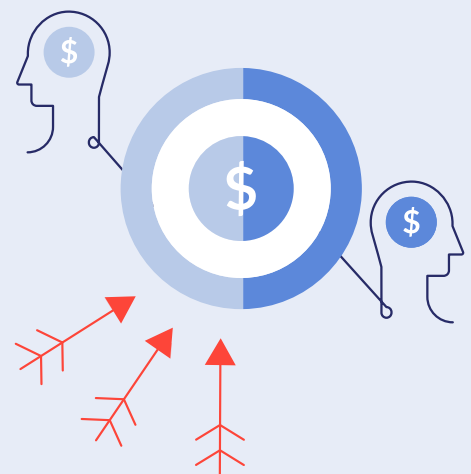


# 5 Key Takeaways

Benchmarking the NFP industry provides an opportunity to help executives and leaders understand their relative strengths and opportunities for improvement.

Here are five takeaways for NFP leaders from this year's benchmarking study:

1. Many NFPs either do not have a value proposition, or the CEO cannot properly articulate the organization's value proposition. This risks causing a problem attracting and retaining members, stakeholders or audiences.
2. Many NFPs do not have a set pricing strategy, or take a minimalist approach to setting pricing. This approach risks leaving money on the table or undervaluing your services.
3. Very few NFP leaders are confident about their members' changing wants and needs. This can leave NFPs perpetually trying to catch up to their members.
4. NFPs without a value proposition have very low understanding of member engagement. If you can't define it, you can't measure it; if you can't measure it, you can't manage it.
5. The majority of NFPs have few or no plans to invest in data analysis. Numbers don't lie. Investing in understanding the facts of your audiences, your NFP and your future will pay dividends.





Has this report sparked thinking about your organization?

Is it time to do things a little differently and get the marketing leadership you need to grow?

Email [hello@halmyre.com](mailto:hello@halmyre.com) to speak with one of our experienced – and friendly – marketing strategy consultants.

#### About this Report

- Open invitation sent to leaders of NFPs of all types across North America
- Quantitative survey consisted of 25 questions
- Survey opened in October 2020

Please visit [www.halmyre.com/associations/benchmarking](http://www.halmyre.com/associations/benchmarking) for a summary of the report.

Halmyre is a team of marketing strategy consultants committed to helping organizations build the fundamentals of the Halmyre Marketing Ecosystem™ to find real value and long-term results.

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