

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?**



1 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



Increasing revenues

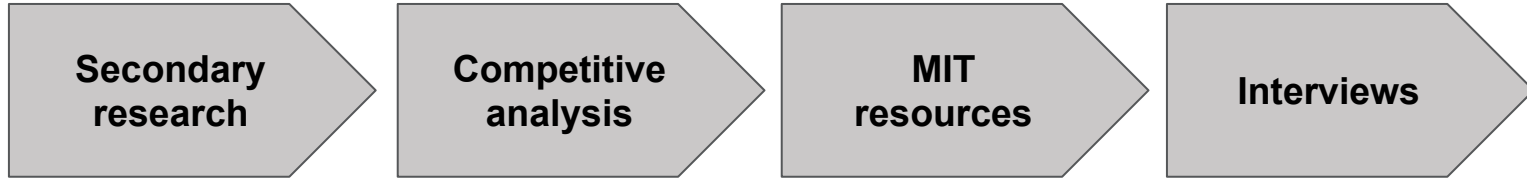


- What is the current situation:

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.



2 Methodologies



Process: i).understanding current problem ii). evaluate potential solutions

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

3a

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



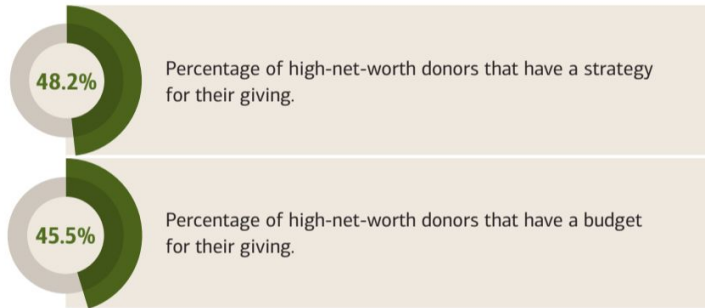
Source*: Expert Interviews

Market dynamics

3a

Private wealth - Strategic Giving

Current market



Source: U.S Trust

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

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



1% for the Planet SWOT

3a

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

3b

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**
BIG IDEAS / GREAT DEEDS

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

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1% for the Planet SWOT

3b

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**

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

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

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

3c

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:



1% for the Planet SWOT

3c

Corporate social responsibility initiatives

Strengths

- Strong **presence and reputation** in nonprofit field: customer will rely on their services
- Highly skilled in environmental of **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

4 Key Takeaways

Private Wealth

- 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

Cause Marketing

- 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 not identified yet strategic interest in going further



5 Questions for further research

Private Wealth

- 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

Cause Marketing

- 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.



6 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?



7 What did we learn?

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

Interviews:

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



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