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Notes

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John Manfredi

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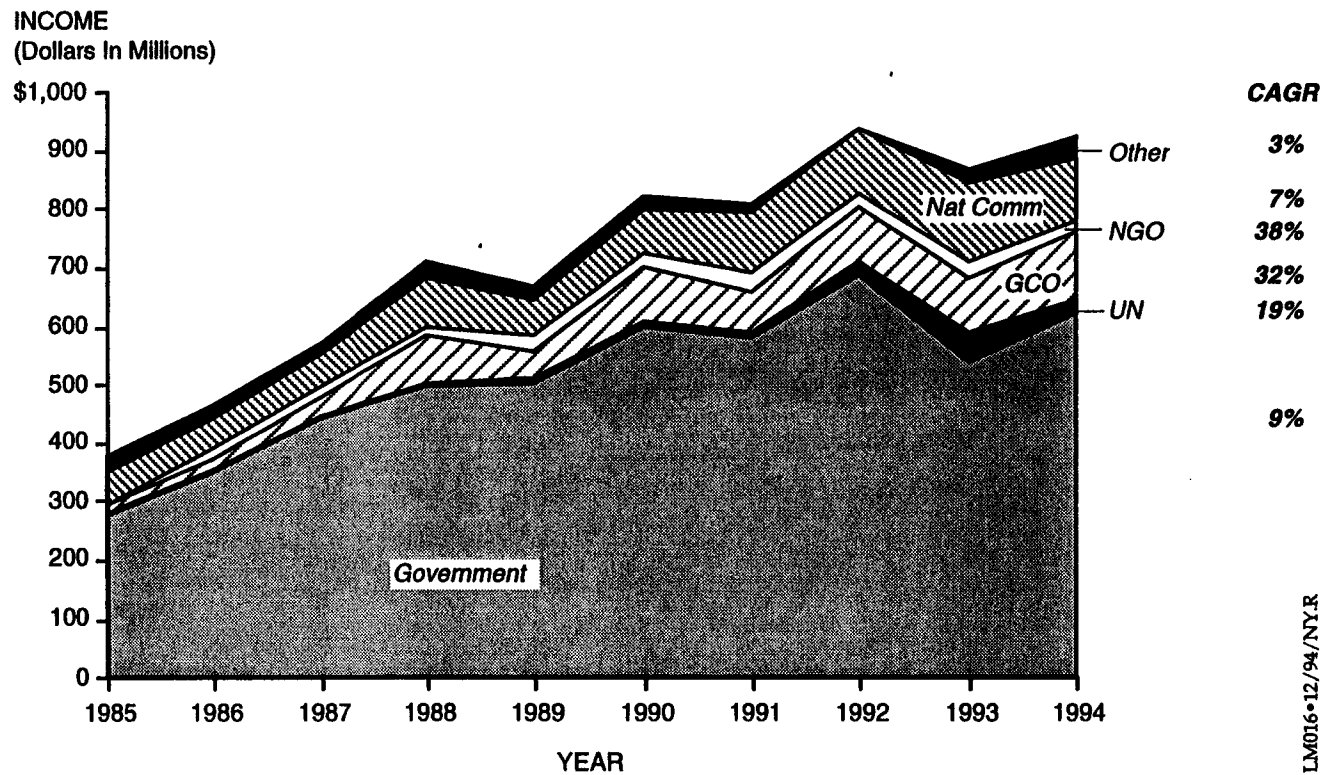
VIII. FUND RAISING

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Background...

**OVERALL FUNDING AT UNICEF IS SLOWING, BY COMPARISON WITH THE HIGH-GROWTH 80'S
– DELPHI PANEL MEMBERS PREDICT DECLINES ON THE ORDER OF 25% FOR THE COMING
YEARS**

UNICEF TOTAL INCOME BY SOURCE



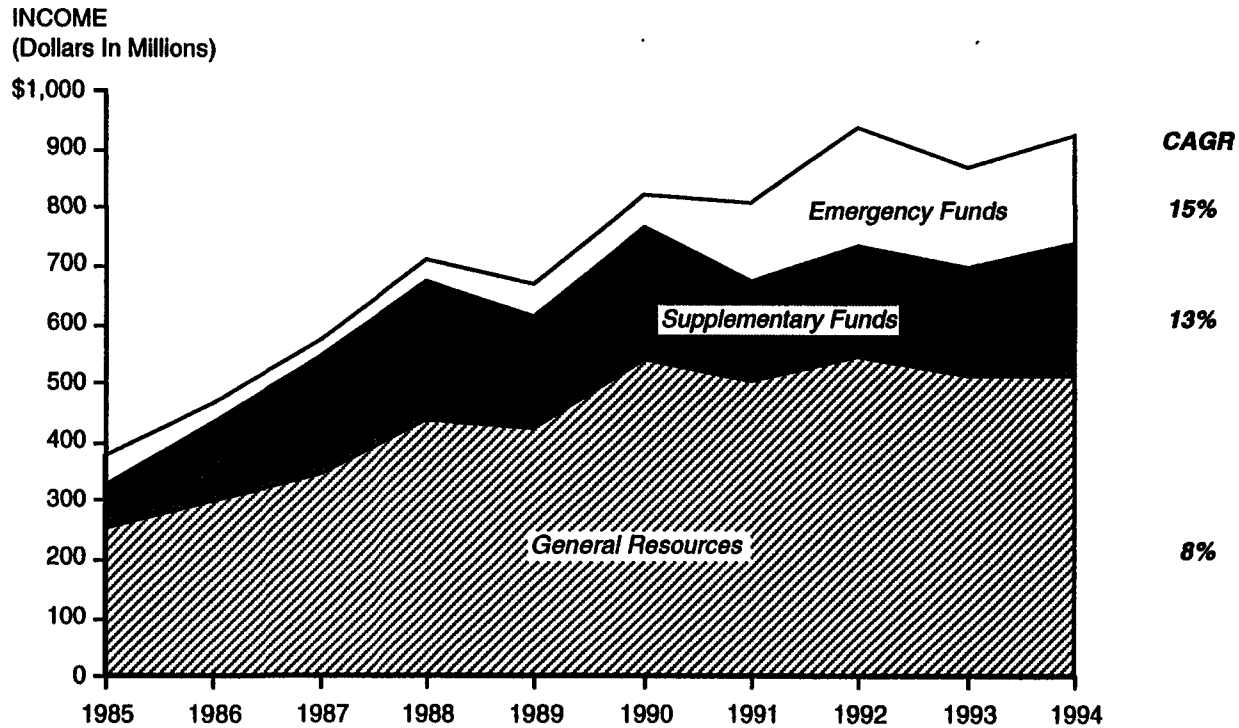
Note: Other includes interest income
Source: Compendium of Contributions by Main Donors, 1985-1993
UNICEF Financial Monitoring Report #5-94

UCFORE (I) LM016•12/94/NY.R

Background...

IN ADDITION, THE ORGANIZATION HAS WITNESSED A SHIFT IN THE TYPE OF DONATIONS MADE – SUPPLEMENTAL AND EMERGENCY FUNDS REPRESENT AN INCREASING PROPORTION OF THE TOTAL

UNICEF INCOME BY TYPE



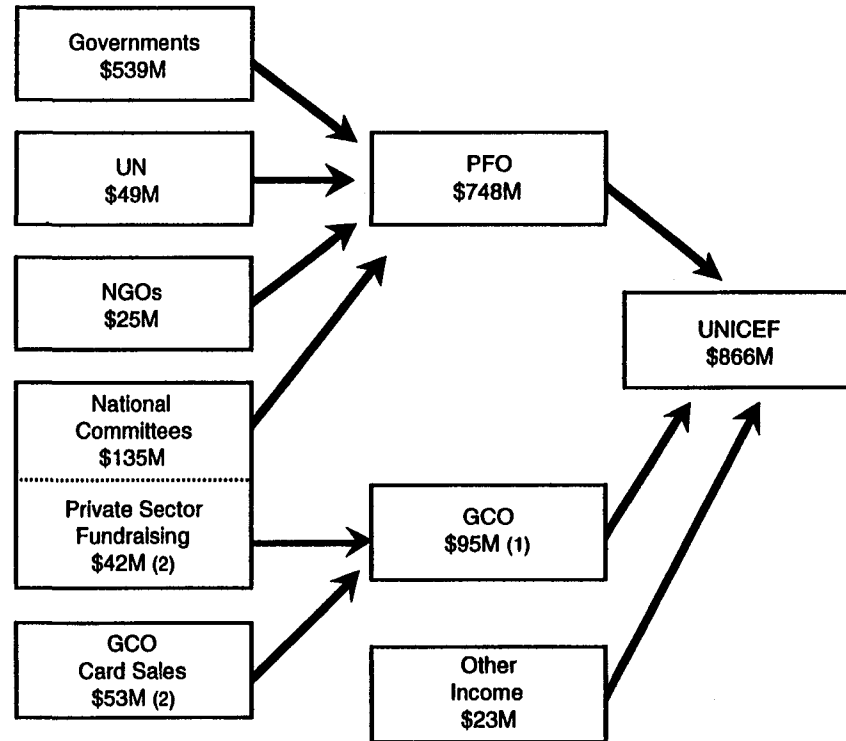
Note: *Compendium of Contributions by Main Donors, 1985-1993*
Source: *UNICEF Financial Monitoring Report #5-94*

UCFORE (1) LM017 • 12/94/NY.R

Background...

RESPONSIBILITY FOR FUNDRAISING IS SHARED BY PFO AND GCO – THESE UNITS WILL BE ADDRESSED SEPARATELY IN THE PAGES THAT FOLLOW

FUNDS RAISED BY SOURCE - 1993



UCFORE (1) LM018-12/94/NY.R

*Note: (1) This figure represents the amount recognized by UNICEF as being transferred by GCO in 1993
(2) Private sector supplementary funds included in National Committee funds raised and tracked through PFO*

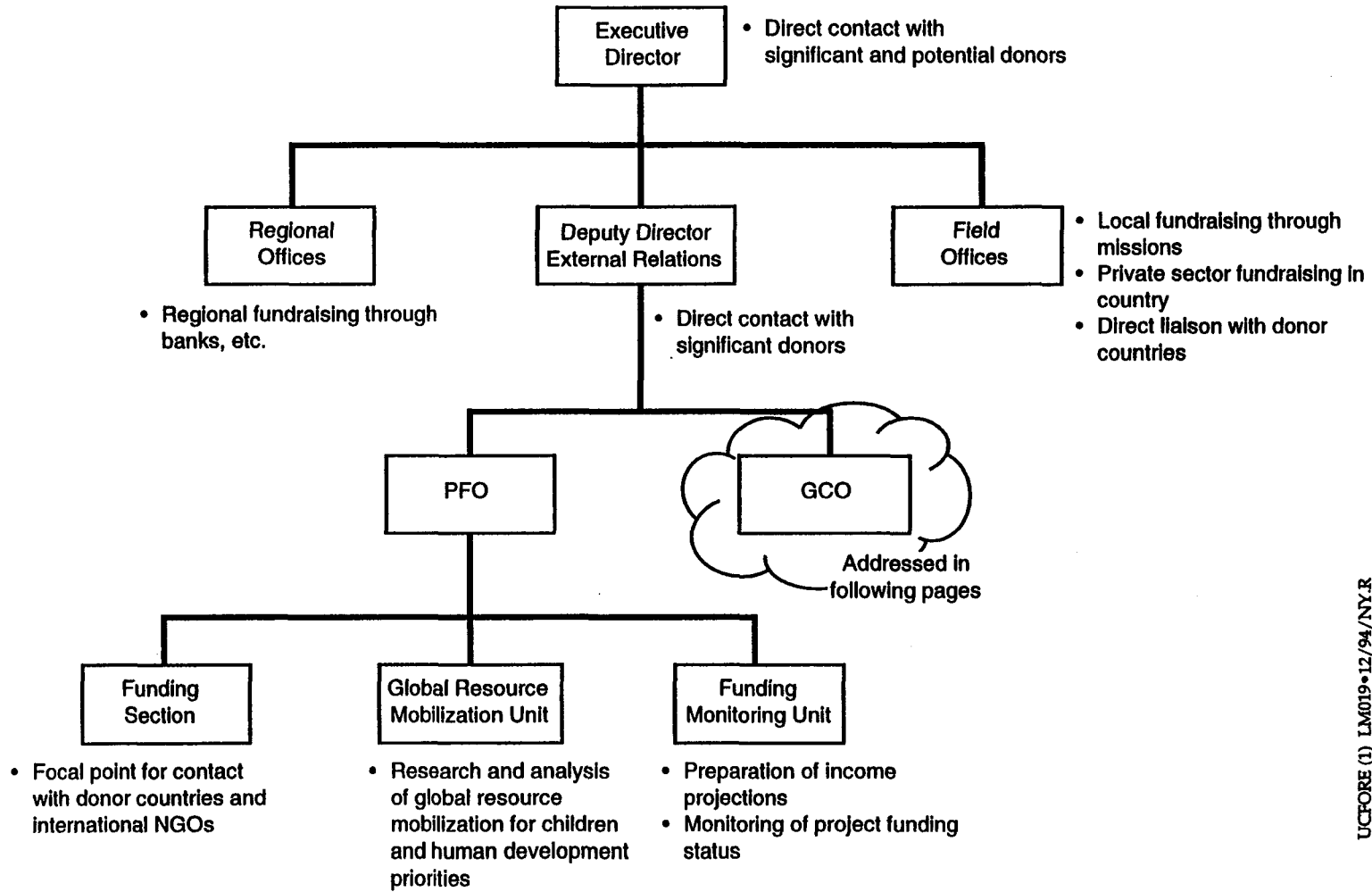
*Source: Figures based on interviews and analysis of GCO financial statements
1993 Compendium of Contribution by Main Donors; UNICEF Medium Term plan for the period 1994-1997; Interviews ; BA&H analysis*

PFO

OUR EXAMINATION OF PFO ADDRESSES THE FOLLOWING ISSUES:

- Structure
- Spending Levels
- Processes and Procedures
 - Increased responsibility of field offices
 - Increased processing requirements for supplemental donations

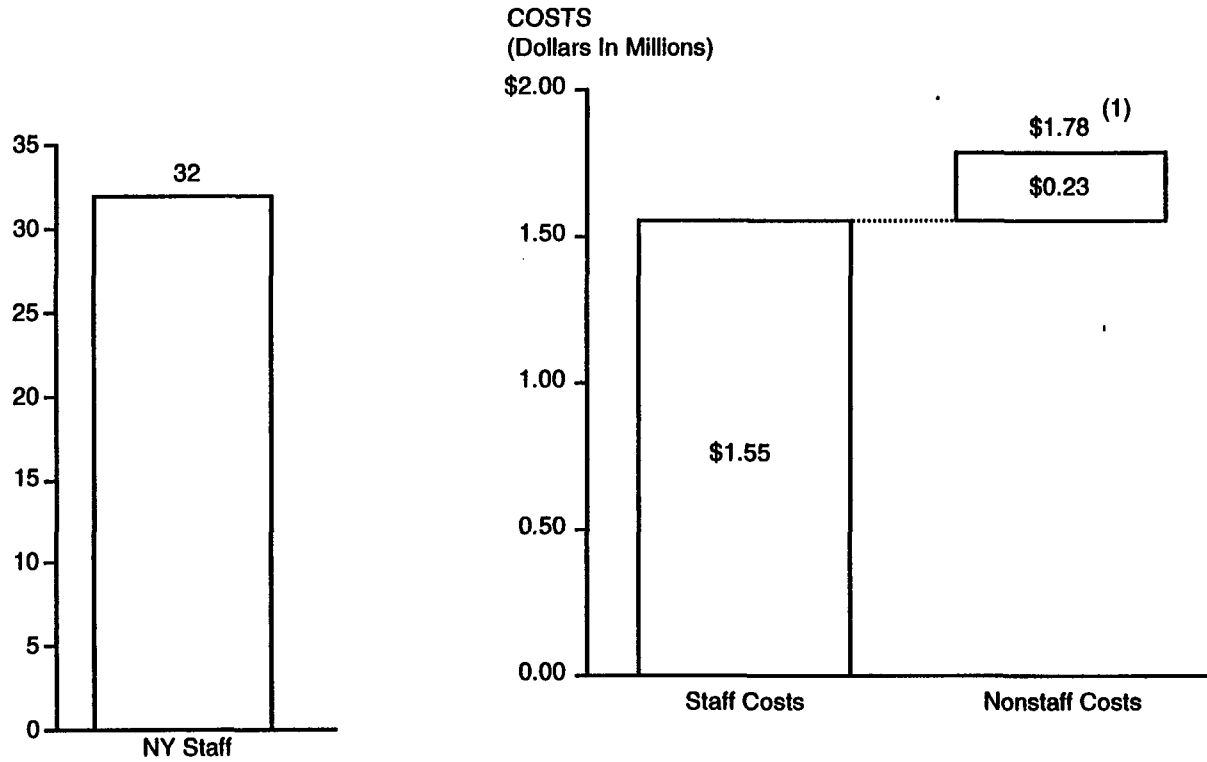
PRIMARY RESPONSIBILITY FOR FUNDRAISING RESIDES WITH PFO IN NEW YORK, BUT OTHER ORGANIZATIONAL UNITS ARE INVOLVED AS WELL



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Spending Levels...

PFO UNIT EMPLOYS 32 STAFF – AND COSTS ABOUT \$1.8 MILLION



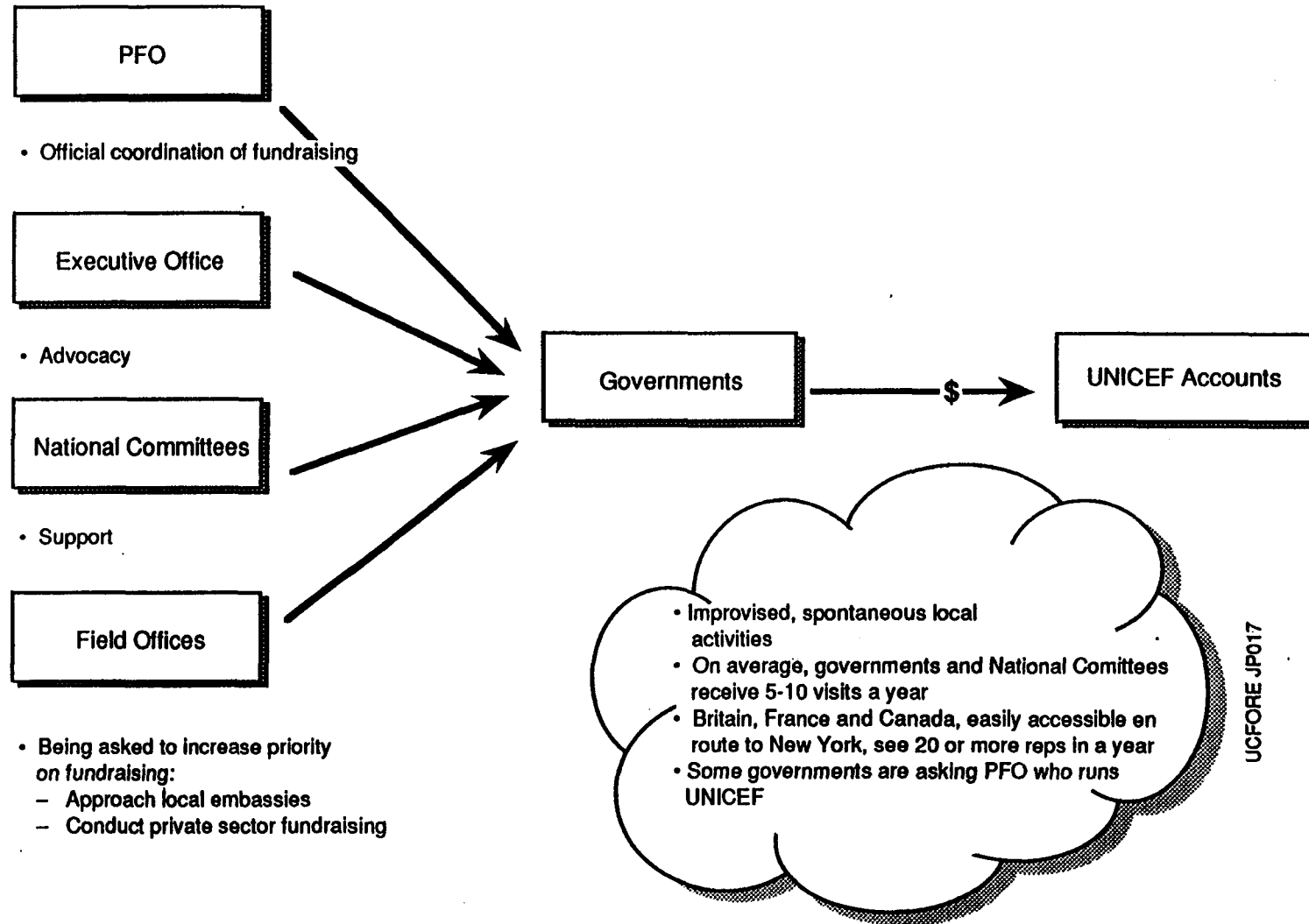
Source: UNICEF Administration and Programme Support Budget 1992-1995

Note: (1) Costs shown are for 1993. 1994 staff costs are shown to rise by \$0.5 million

UCFORE (1) LM024.1 • 12/94/NY.R

FUNDING OFFICERS OVERSEE RAISING OF THE MAJORITY OF FUNDS, BUT FIELD OFFICES ARE BECOMING INCREASINGLY ACTIVE

GOVERNMENT FUNDRAISING

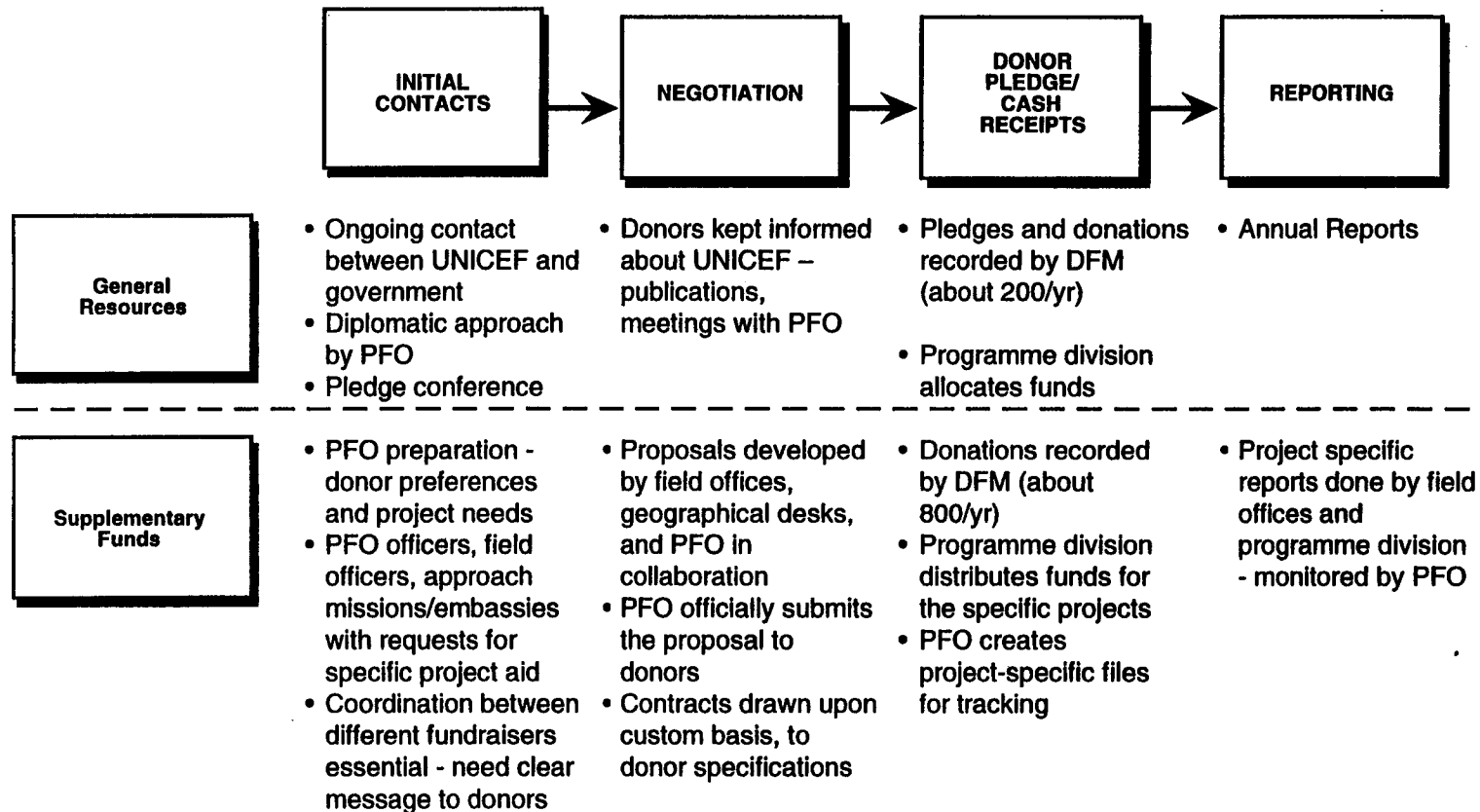


UCFORE JP017

Processes...

THE SHIFT TO SUPPLEMENTARY DONATIONS INCREASES ADMINISTRATIVE REQUIREMENTS, ADDING MORE COMPLEXITY TO THE PROCESS

DONATION PROCESSING REQUIREMENTS



UCFORE (1) MK003 • 8/94/NY.R

Source: Fundraising Compendium, PFO; Interviews; BA&H analysis

SEVERAL IMPROVEMENT OPPORTUNITIES FOR GOVERNMENT FUNDRAISING APPEAR POSSIBLE

	POTENTIAL IMPROVEMENT	VALUE FOR UNICEF
FUNDRAISING ROLES AND RESPONSIBILITIES	<ul style="list-style-type: none"> • Clarify roles and responsibilities of different entities involved in fundraising: PFO, field offices, Programme division, Finance • Introduce more effective “traffic control” of country representatives to donor capitals • Ensure that when fundraising responsibilities are assumed, by one area, prior responsibilities are not neglected (e.g., programme activity in field offices) • Improve transparency regarding fundraising costs incurred by field offices 	<ul style="list-style-type: none"> • Eliminate duplication • Send a clear, consistent message to donors • Maintain performance against programme objectives • Improved transparency to Board donors • Better ability to compare performance versus external benchmarks
SUPPLEMENTAL DONATIONS	<ul style="list-style-type: none"> • Investigate potential system improvements in administration 	<ul style="list-style-type: none"> • Reduced time, cost of processing

Recommendations...

CLARIFY EXPECTATIONS AND IMPLEMENTATION REGARDING FUNDRAISING ACTIVITIES IN THE FIELD AND COORDINATION WITH PFO

- Enforce recently announced guidelines to country representatives regarding appropriate actions, including:

“Ensure that all requests for travel to donor capitals be:

- i) cleared by the Regional Director, and
 - ii) coordinated by PFO for discussion with the donor, including National Committees, in question.”
- EXD/1994-005 (excerpt)

- In coordination with Programme Division management, ensure that country reps stay within the bounds of the guidelines, to:
 - Avoid confusing donors with multiple “pitches” from UNICEF
 - Ensure country representative does not neglect responsibilities in the field office in favor of fundraising
- In field office records, capture fundraising costs as a distinct item, to:
 - Allow UNICEF management to benchmark total fundraising costs with other organizations
 - Improve transparency in reporting to the Board

WORK WITH DONORS TO SIMPLIFY SUPPLEMENTAL DONATION PROCESSING REQUIREMENTS

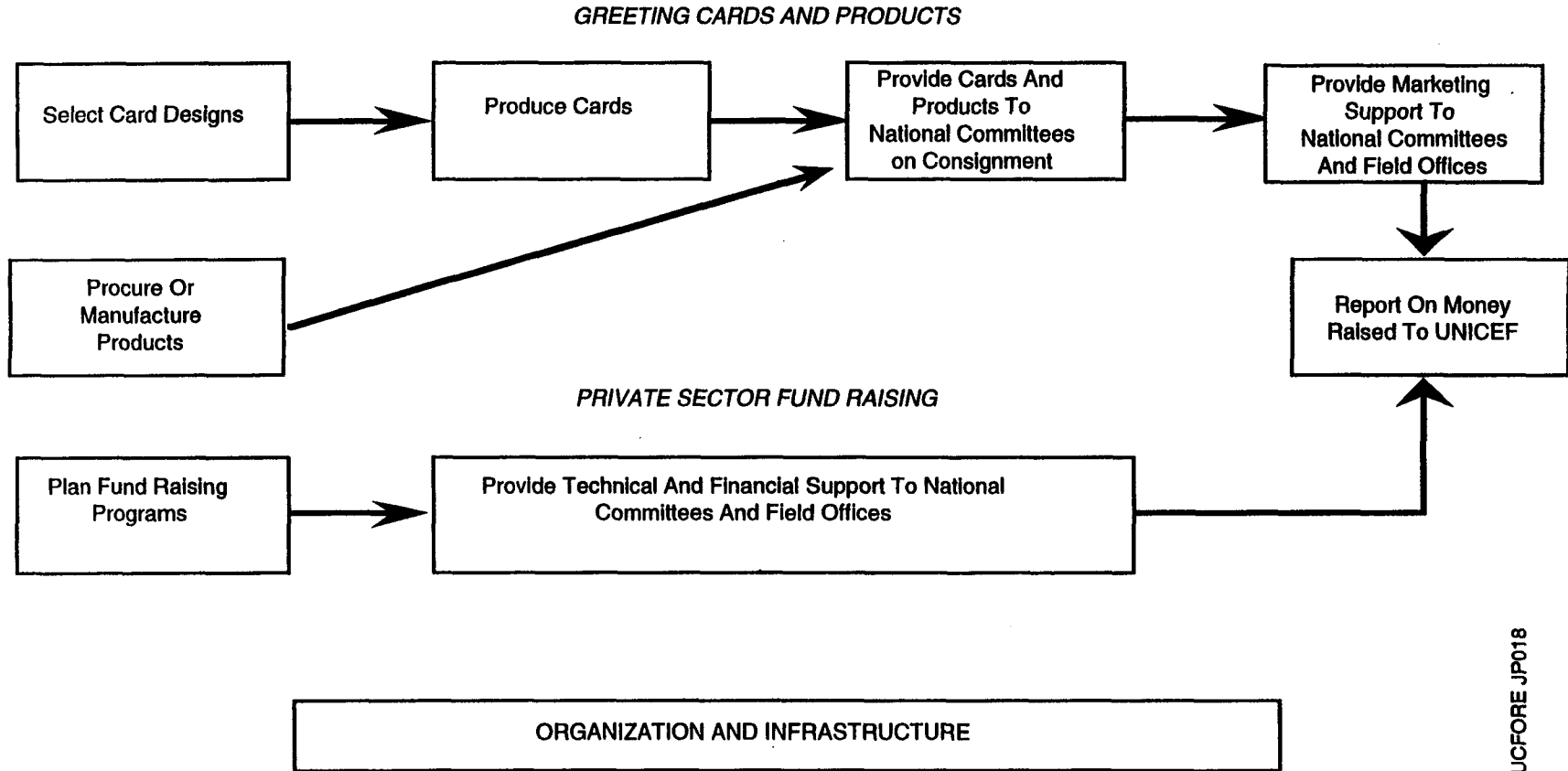
- Review supplemental donation records to determine which countries are routinely demanding special adjustments and features in their contracts and reporting
- In collaboration with representatives from these countries, determine the underlying concerns and develop a new “standard” which will eliminate the need for custom handling
 - The sentiment that “the donor should be able to get what the country wants” will no doubt be in evidence
 - At the same time, if the donors were aware of the efficiency tradeoff associated with custom contracts and reports, they might be inclined to compromise
- PFO and field offices could set up operating procedures around these new standards so supplemental donation processing would become more routine, less burdensome and time consuming
- For example, the content of the “standard” donor reports might be revised to include what is most commonly requested and eliminate what the donors do not consider useful; the frequency with which reports are prepared could be addressed

GCO

Background...

TODAY, GCO HANDLES BOTH CARDS OPERATION AND PRIVATE SECTOR FUND RAISING WITH A COMMON ORGANIZATION AND INFRASTRUCTURE

GCO PRINCIPAL ACTIVITIES



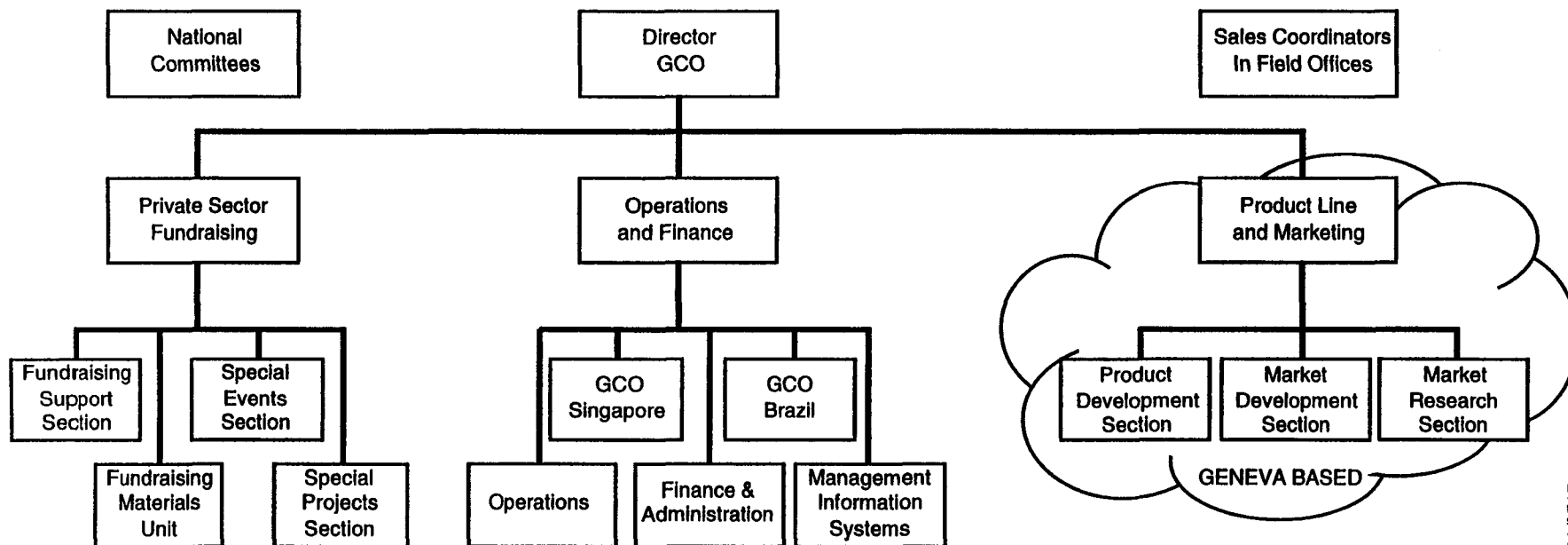
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Sources: GCO Financial Report; BA&H analysis

OUR EXAMINATION OF GCO ADDRESSES THE FOLLOWING ISSUES:

- **Organization**
- **Spending Levels**
- **Processes and Procedures – Cards Business**
 - **Product design and selection**
 - **Order/inventory management**
 - **Sales and National Committee relations**
 - **Market management**
 - **Research and development**
 - **External benchmarks**
- **Processes and Procedures – Private Sector Fundraising**
 - **Field and National Committee support**
 - **Seed funding to promote innovation**
 - **Cost effectiveness**

GCO ACTIVITIES ARE CONDUCTED BY STAFF IN NEW YORK AND GENEVA, AS WELL AS IN MANY FIELD OFFICES – THE UNIT ALSO WORKS CLOSELY WITH NATIONAL COMMITTEES



- Notes: (1) GCO staff, unless otherwise notes, are based in New York (except GCO Brazil and GCO Singapore)
 (2) Finance and Administration, and Management Information Section are independent of similar groups within UNICEF headquarters

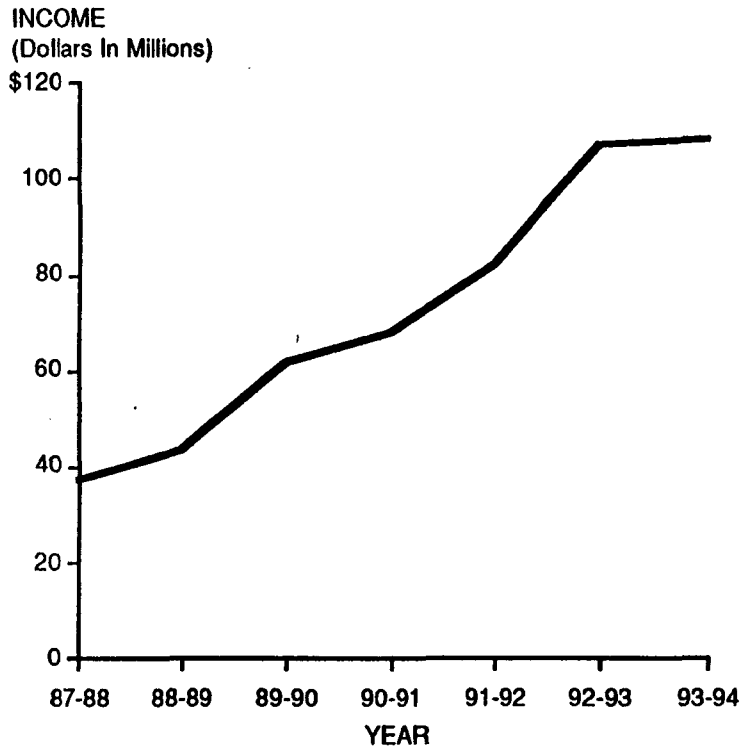
Source: "Who Does What: in UNICEF External Relations"; Interviews

UCFORE (1) LM021 •12/94/NY.R

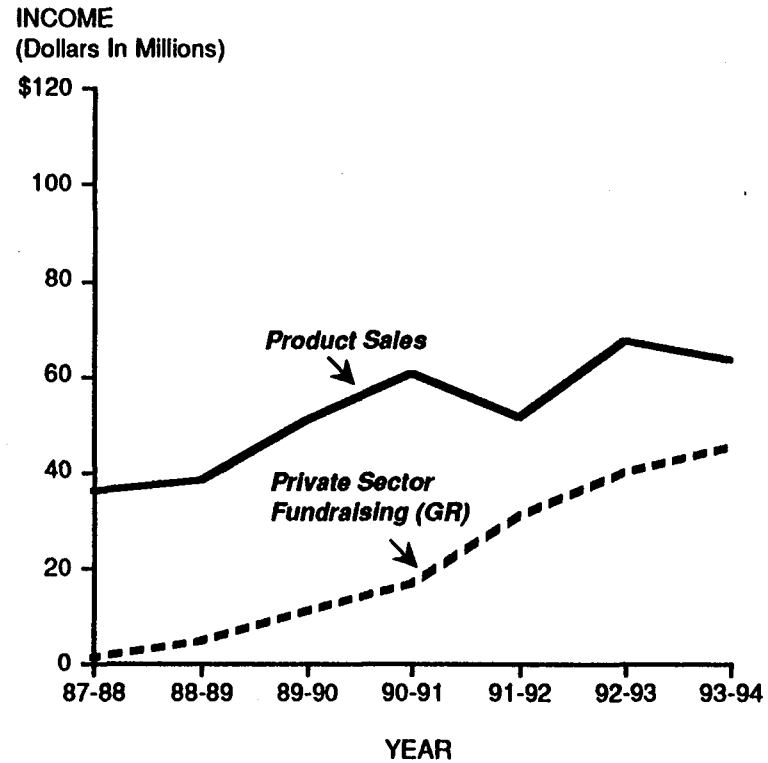
Organization...

MANAGEMENT OF PRIVATE SECTOR FUNDRAISING AND GCO IN ONE UNIT CLOUDS TRANSPARENCY IN CORPORATE REPORTING

GCO TOTAL NET OPERATING INCOME



**GCO NET OPERATING INCOME
(By Income Stream)**



*Note: (1) Figures are nominal
(2) Private sector supplementary funds are not included here since they are not aggregated into GCO income
(3) 93-94 figures as quoted by GCO management Dec. 94*
Source: Greeting card and related operations financial reports 1988-1993 Interviews

UCFORE (1) LM026*12/94/NY.R

Organization...

WE SEE LITTLE OR NO SIMILARITY IN THE CAPABILITIES NEEDED FOR CARDS AND PSFR

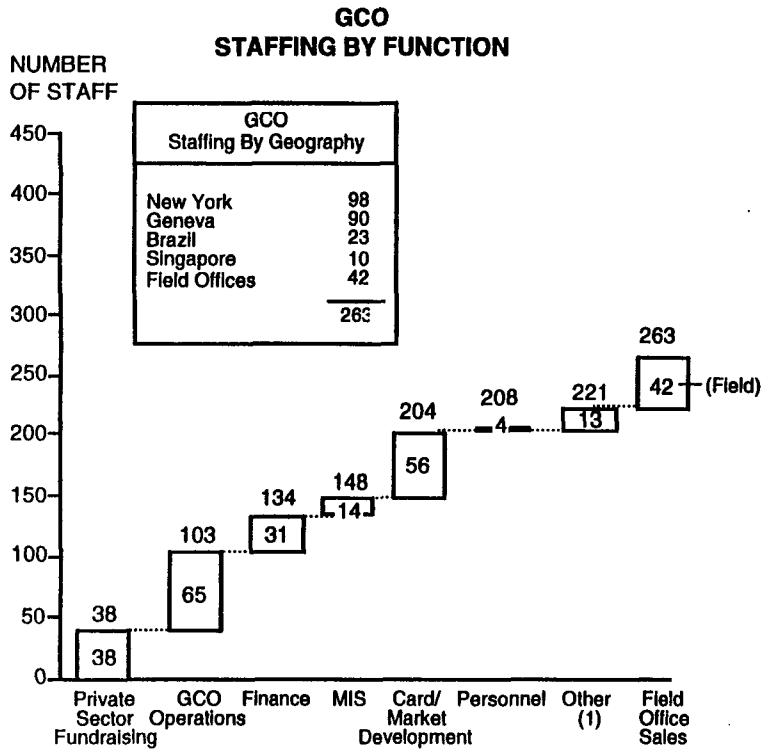
	CARDS	PSFR
<ul style="list-style-type: none"> • Mission 	<ul style="list-style-type: none"> • Raise funds for UNICEF through the sale of greeting cards 	<ul style="list-style-type: none"> • Raise funds for UNICEF from private donors through direct solicitation and special events
<ul style="list-style-type: none"> • Competition 	<ul style="list-style-type: none"> • Greeting Card companies such as Hallmark, American Greetings, etc. 	<ul style="list-style-type: none"> • Not-for-profit organizations such as Save the Children, the Cancer Society, Red Cross, etc.
<ul style="list-style-type: none"> • Organizational Process 	<ul style="list-style-type: none"> • Evaluate art work • Produce cards • Sell cards 	<ul style="list-style-type: none"> • Donor solicitation • Mailing list management • Concerts, other event-oriented fund raising
<ul style="list-style-type: none"> • Skills 	<ul style="list-style-type: none"> • Marketing • Distribution • Art expertise • Printing • Graphic skills 	<ul style="list-style-type: none"> • Business development • Public relations • High level contacts among potential donors, celebrities • Donor list management

UCFORE (1) FM005-8/94/NY.R

MANY STAFF MEMBERS HAVE ASKED IF “FLAT” CARD BUSINESS WAS “RESCUED” BY ADDING PSFR RATHER THAN BY FOCUSED TURNAROUND SOLUTION

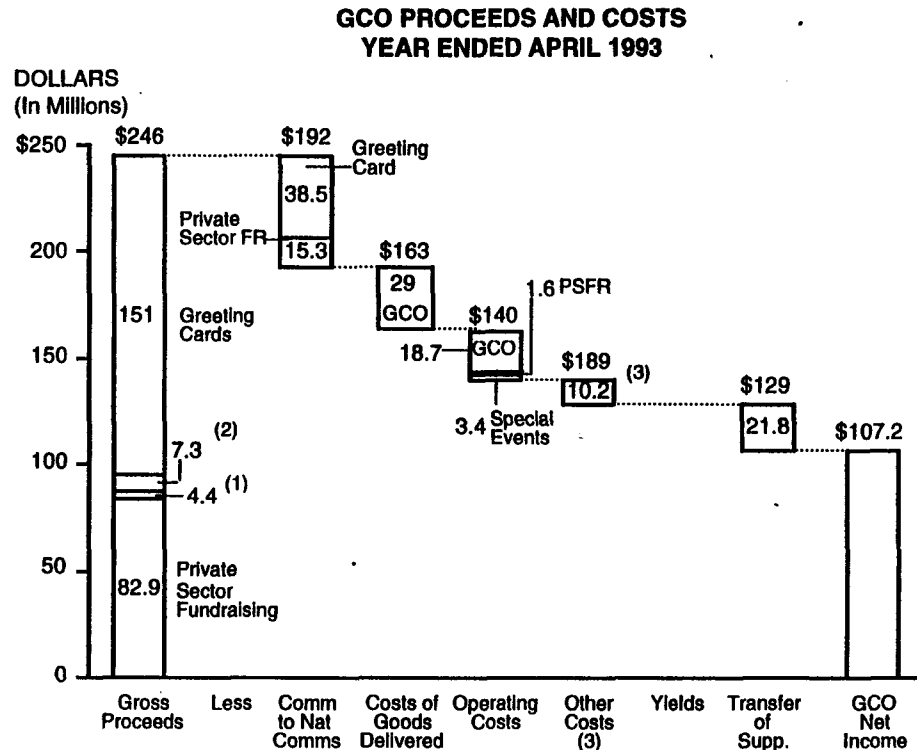
Spending Levels...

IN TOTAL, GCO EMPLOYS ABOUT 260 AND SPENDS ABOUT \$117M EACH YEAR TO RAISE THE \$129M IN NET REVENUE



Notes: (1) Other includes heads of offices and other administrative staff

Source: UNICEF Organization; BA&H analysis



Notes: (1) Gross proceeds from special fundraising events

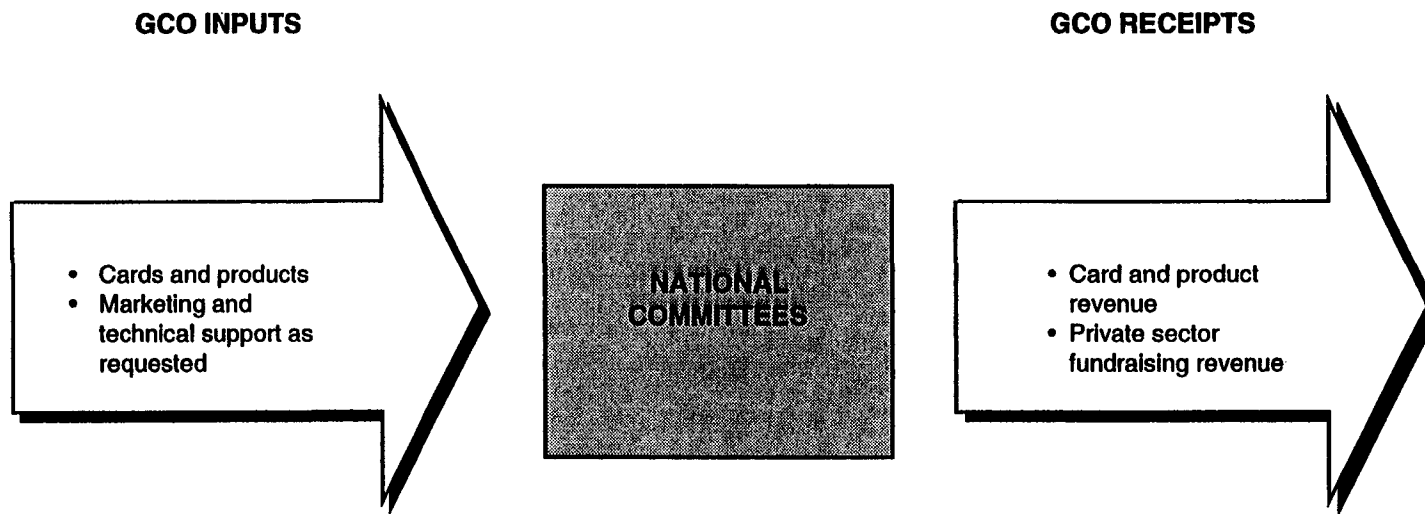
(2) Other income (e.g. licensed products, donations)

(3) Costs include private sector FR R&D, foreign exchange losses, uncollectible accounts, NatComm Support

Source: Greeting cards and related operations financial report, 92-93

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GCO RELIES ON NATIONAL COMMITTEES FOR ACTUAL PRODUCT SALES AND FUNDRAISING, BUT HAS LITTLE INFLUENCE ON NATCOM ACTIVITY



*Notes: (1) Difference in funds contributed through New York and Geneva organizations due to National Committee effectiveness (GCO Marketing and Support has only an indirect impact)
(2) Consulting team research indicates 170 GCO-focused staff in National Committee worldwide*

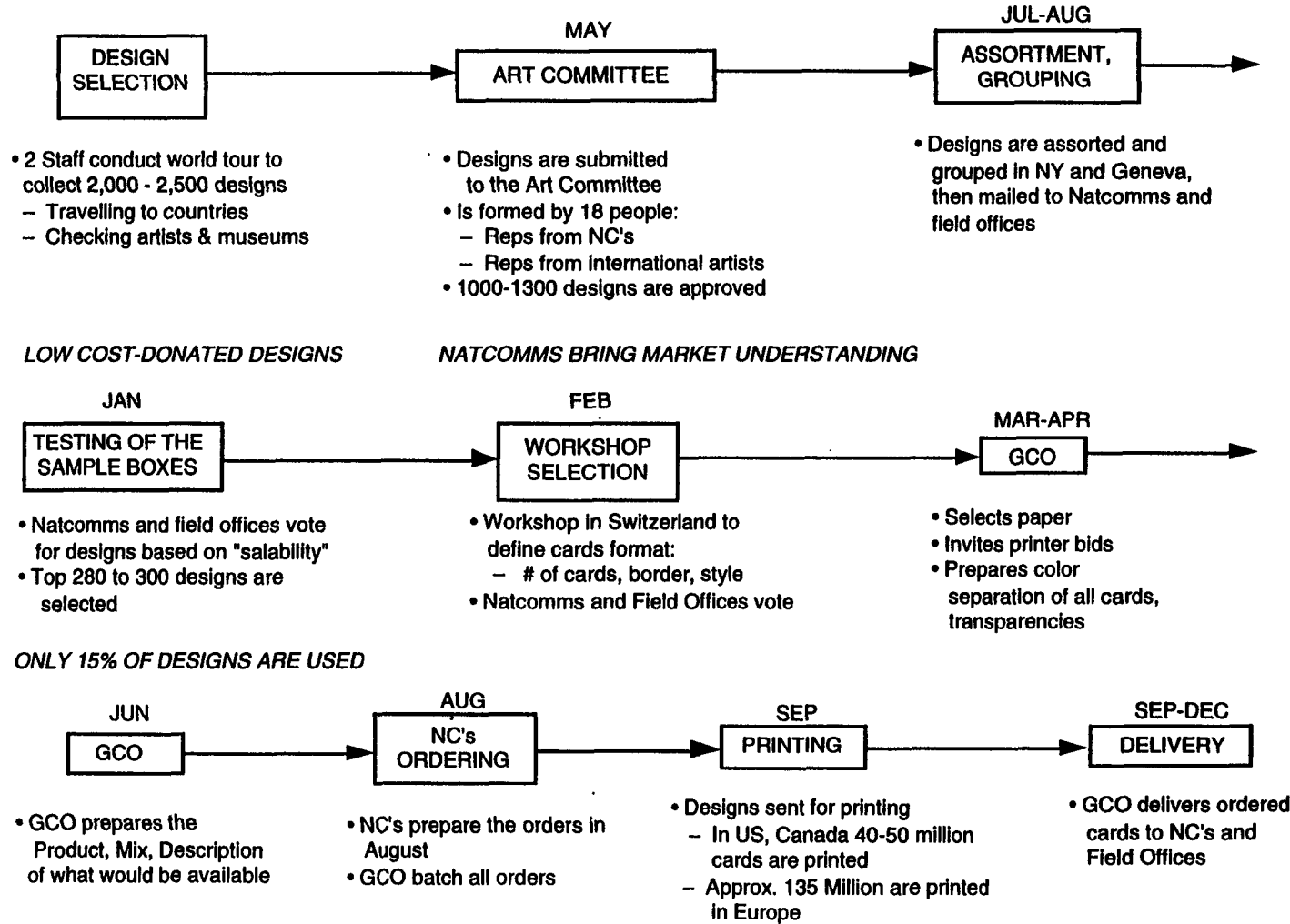
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UN SYSTEM REGULATIONS REQUIRE THAT GCO SELL THROUGH INDEPENDENT AGENTS - BUT THE RELATIONSHIP WITH NATIONAL COMMITTEES LACKS DISCIPLINE

- National Committees are UNICEF sales agents but UNICEF does not establish sales targets for its partners – “We try to influence the National Committees in a negotiated way”
Senior GCO Manager
- National Committees have no incentive to very accurately forecast sales for ordering - they can return any unsold cards and earn a full commission for the cards sold
- The National Committees’ commission structure is inconsistently applied and creates distorted incentives:
 - Some Committees retain higher commissions; some retain less than 25% – despite the fact that the objective is a universal 25% commission
 - Where sales are strong, 25% retention yields more money than many National Committees need for their expenses
- If a National Committee is performing poorly, GCO/UNICEF cannot change or influence its management
 - “We have no alternatives regarding sales partners. We will need political support for any possible alternatives “
Senior GCO Manager
 - At the same time, National Committees can influence UNICEF management by presence at meetings

EACH YEAR THE ART COMMITTEE ON CARD SELECTION SCREENS OUT 85% OF PROPOSED DESIGNS AND CONDUCTS AN 18 MONTH PROCESS

GCO GREETING CARDS PRODUCT CYCLE



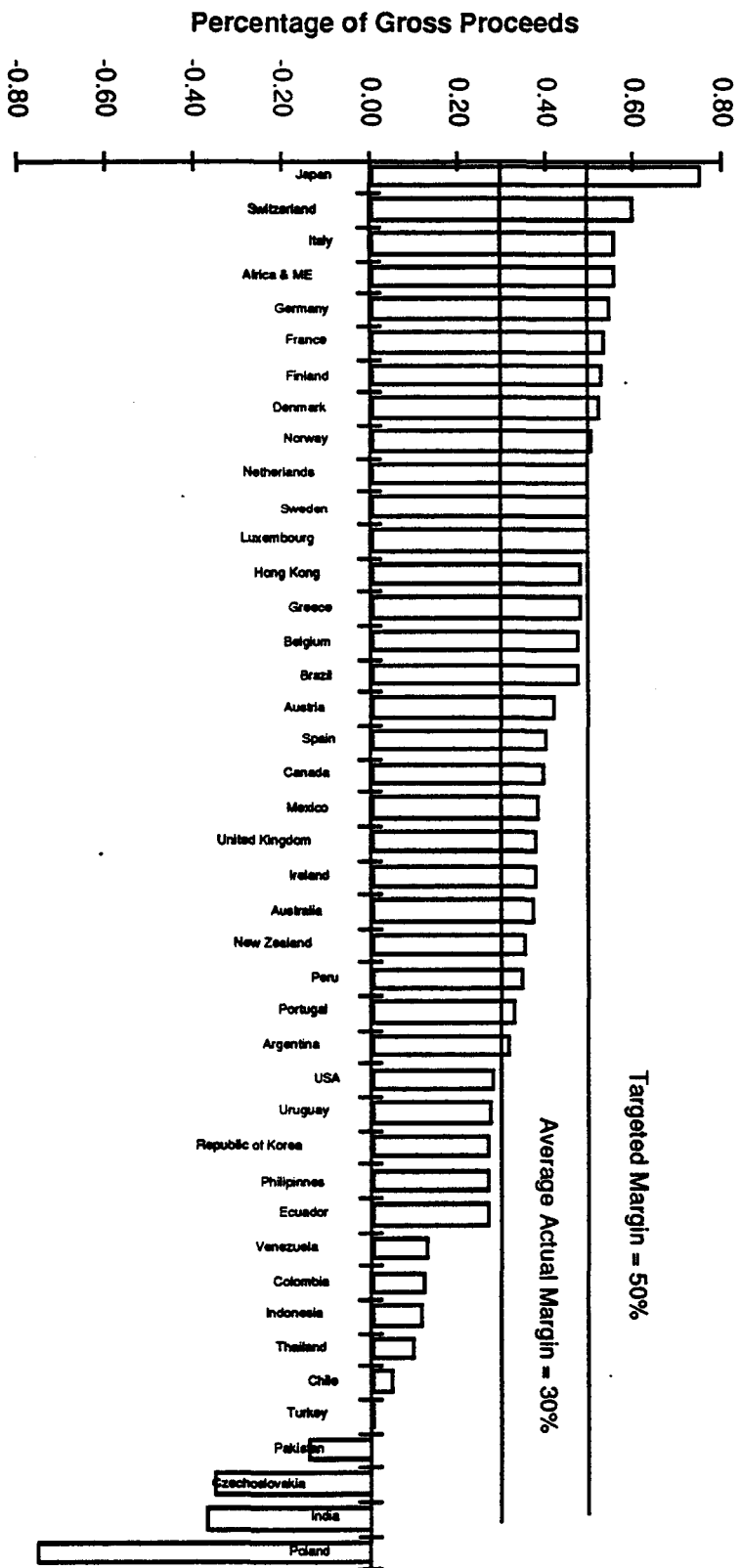
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GCO PRODUCES OVERRUNS ON ORDERS FROM NATIONAL COMMITTEES THEN DISTRIBUTES UNUSED INVENTORY TO FIELD OFFICES AT LOW COST

- The concept of selling “second-cycle” cards in field offices has strong proponents within GCO
 - “The items would have been wasted in any case”
 - “The cards are a useful advocacy medium-raise awareness of UNICEF”
- In practice, low or even negative margin locations are getting more than just leftover products
 - Volume of excess inventory available suggests overproduction; lack of accuracy in Natcom orders
 - Field offices do not receive only second cycle cards – between 30% and 50% of what they receive is current season
 - Field offices have been invited to sit on the Design Selection Committee
- Further, the notion of using cards for advocacy in countries where UNICEF runs programmes appears dubious – other channels are obviously more cost-effective

GCO BOASTS 50% MARGIN OVERALL, BUT ONLY A HANDFUL REACH THAT. AUSTRIA, SPAIN AND CANADA FALL SHORT. INDIA AND OTHERS ARE MONEY-LOSING VENTURES

**CONTRIBUTION TO GCO
(After allocation of COGs and other expenses)**

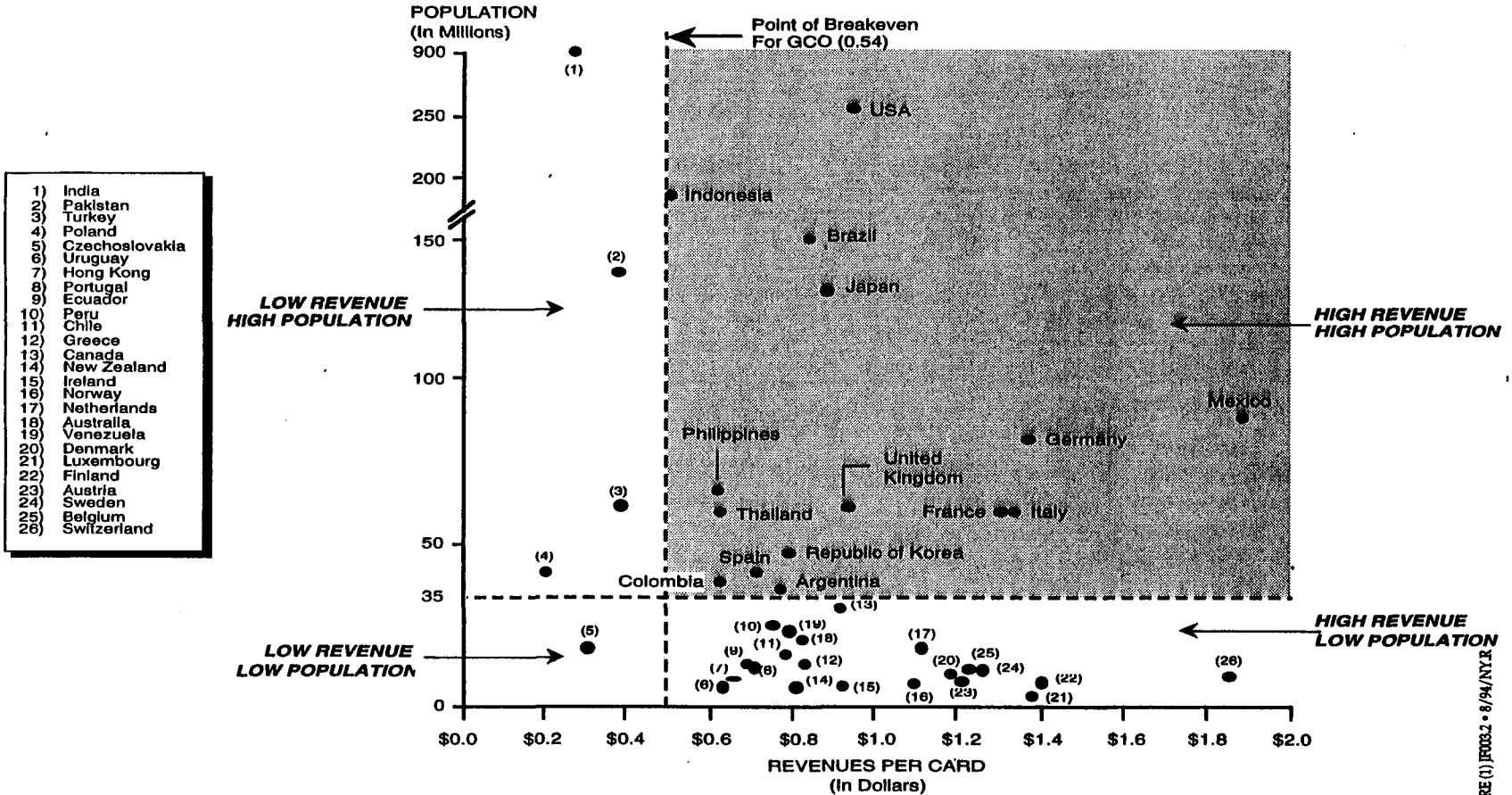


Source: GCO Financial Reports. BA&H Analysis

UCFORE JP035

GCO SELLS CARDS IN 42 COUNTRIES, WHILE ONLY 10 - 12 SEEM VERY PROMISING FROM A BUSINESS STANDPOINT

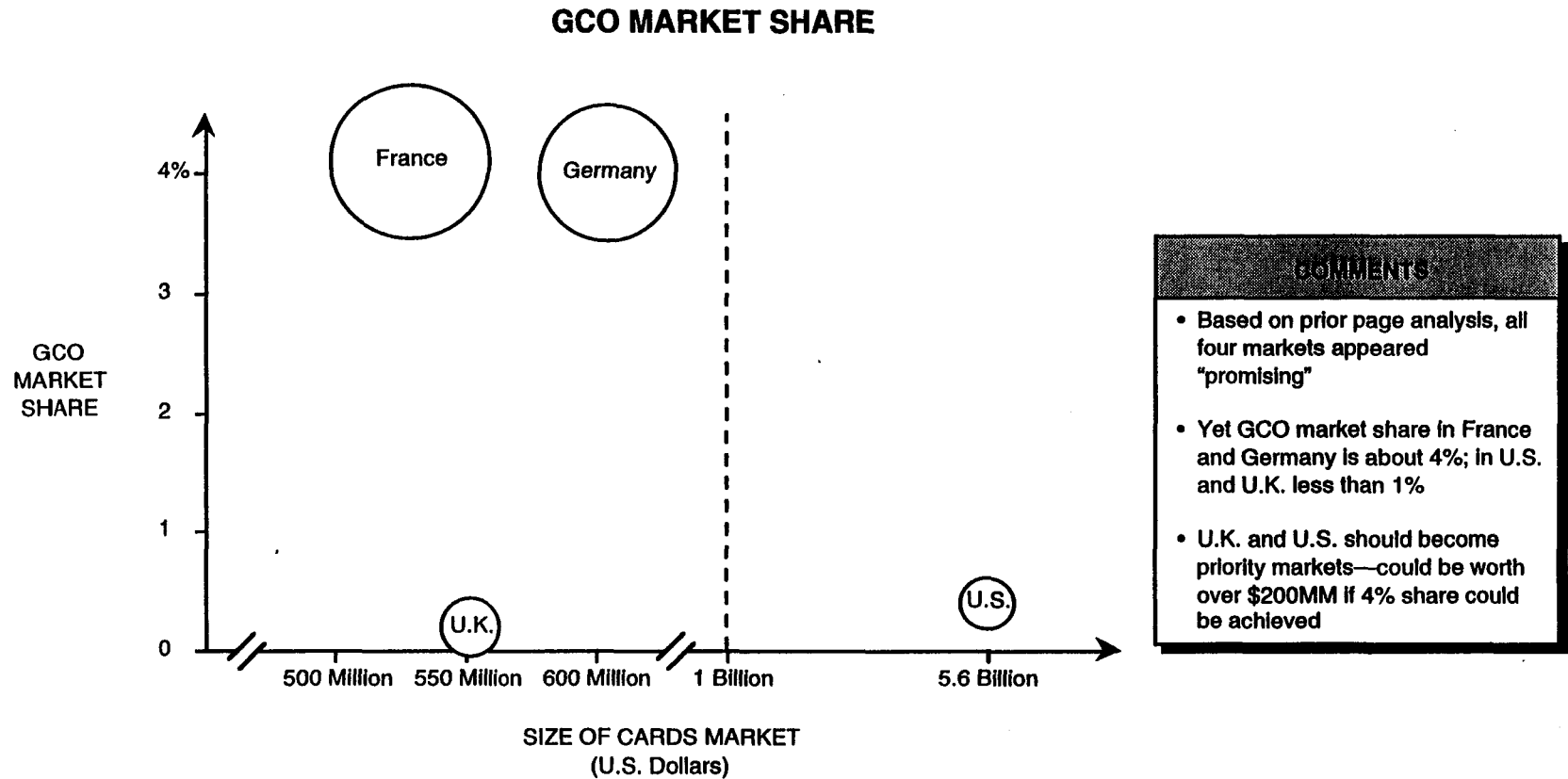
GCO REVENUE PER CARD VERSUS POPULATION BY COUNTRY



Note: GCO has the policy to write off unsold inventory and transfer it to field offices at no cost to promote sales in the recipient countries
 Sources: GCO Financial Report; BA&H analysis

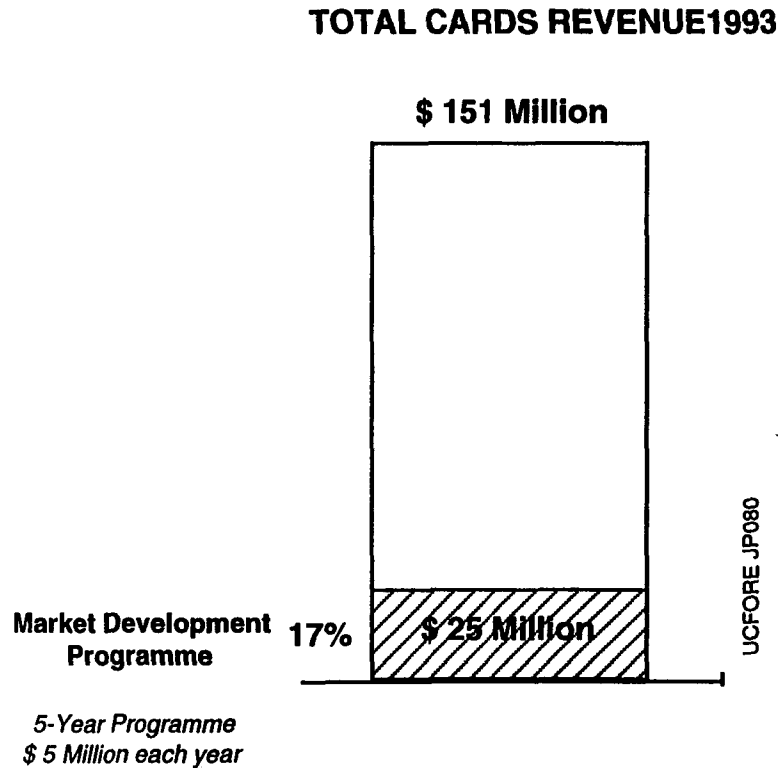
UCFORE (1) PROJ.2 - 8/94/INT.3

EVEN WITHIN THE “TARGET” ZONE, THERE ARE SUBSTANTIAL DIFFERENCES – IMPROVING SOME KEY “SHORTFALL” MARKETS COULD BE WORTH \$ 200 MILLION OR MORE



Notes: (1) Size of ball is a function of GCO card sales per capita
(2) Market specific data was available only for these four countries
Source: GCO Financial Reports. Mintel, Market Intelligence, April 1994.

UNICEF HAS RECENTLY ALLOCATED A POOL OF FUNDS TO EXPAND CARD SALES -THE SELECTION CRITERIA LOOK INCONSISTENT WITH PROFITABILITY OBJECTIVES



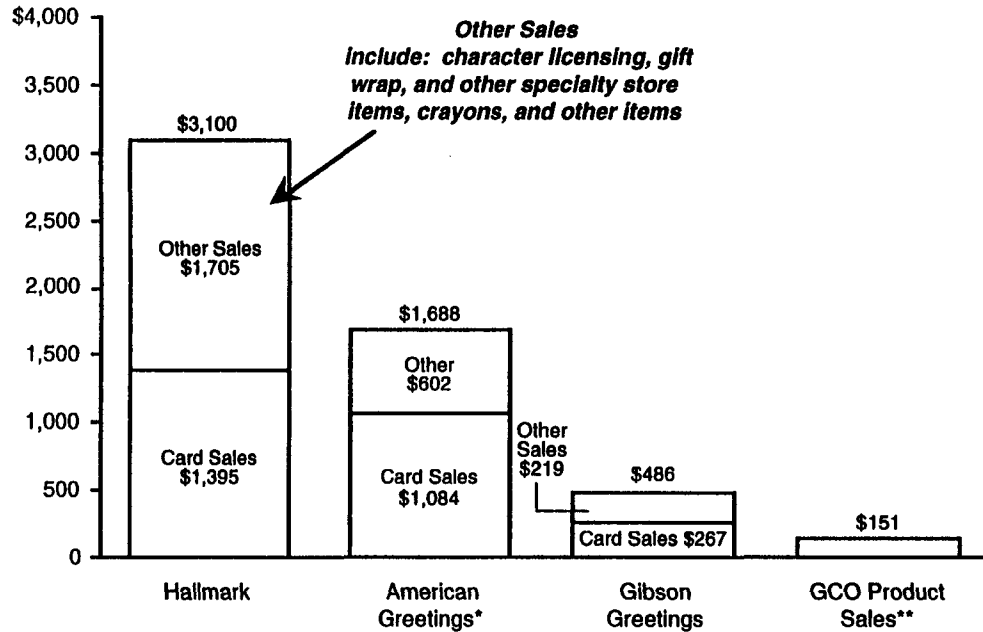
CRITERIA

- Guiding assumption: that profit margins lower than 50% would be offset by higher volume of product sales
- Objective is controlled investment in:
 - Marketing initiatives
 - Product mixes
 - Distribution channels
- Usual 50% margin requirement relaxed
- GCO management applies judgment as to whether “high” volume sales could be expected to balance “lower” margins for strong revenue opportunity
- Process appears very subjective, seems “political”

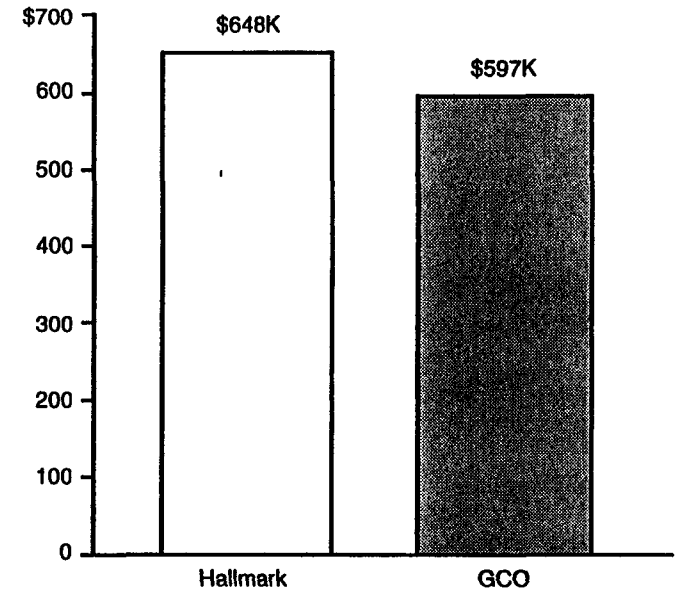
Source: GCO Financial Report

AMONG COMMERCIAL CARD COMPANIES, GCO IS SUBSTANTIALLY SMALLER; AGGREGATE COST POSITION IS NOT SUBSTANTIALLY DIFFERENT

GREETING CARD SALES – COMPANY REVENUES (1992)



REVENUE/EMPLOYEE ADJUSTED VERSUS HALLMARK ONLY



* Figures are for 1993

** Figures are for financial year May 1992 – April 1993

Sources: Euromonitor; Market Research International, June 1994; GCO Financial Report and accounts for year-ended 30 April 1993

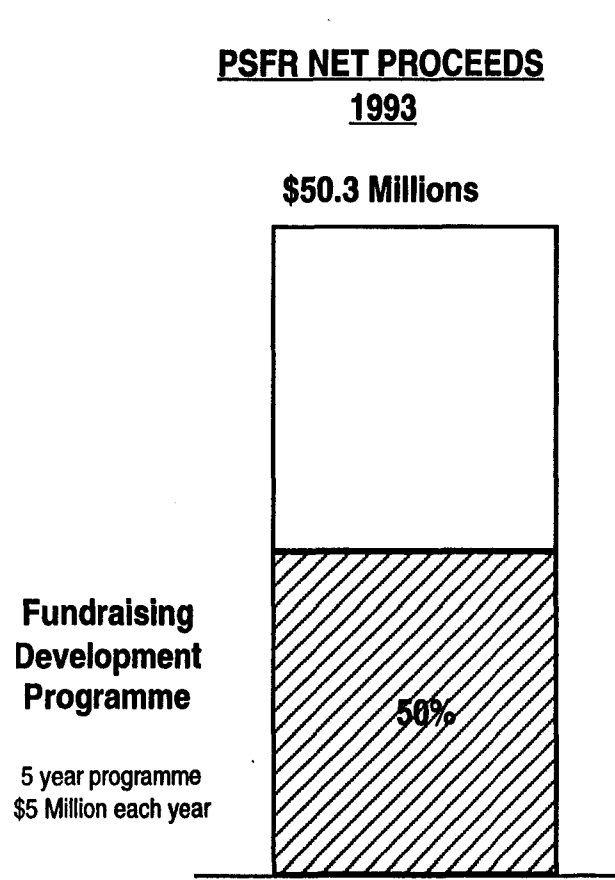
Note: Adjusted to reflect activity profile parallel to GCO

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TURNING TO PRIVATE SECTOR FUNDRAISING, GCO PROVIDES FINANCIAL AND TECHNICAL SUPPORT TO NATIONAL COMMITTEES AND FIELD OFFICES

SAMPLE PROJECTS	SAMPLE COMMITTEES / FIELD OFFICES	SUPPORT FROM GCO
<ul style="list-style-type: none"> • Donor acquisition (prospecting) <ul style="list-style-type: none"> – Children’s Day Appeal 1994 – Children in War Pocket Diary – List Sources, i.e., explore the possibility of using mailing lists for prospecting from sources such as VISA, AMEX, etc. • Donor development – newsletter to be inserted in all follow-up thank you mailings to house and prospect donors 	<p>Korea</p>	<ul style="list-style-type: none"> • Financial Support <ul style="list-style-type: none"> – \$305,000 – \$800,000 • Material Support • GCO provides information, examples and core materials needed by KCU for the newsletter
<ul style="list-style-type: none"> • Database management • Research and testing to assess public attitudes towards, UNICEF, its issues, aid to developing countries and the like 	<p>Hong Kong</p>	<ul style="list-style-type: none"> • Technical support. GCO recommends package “Donor Perfect” • Technical advice and sample surveys from other countries
<ul style="list-style-type: none"> • Telemarathon featuring “Xuxa”, a famous children artist in Latin America 	<p>Brazil</p>	<ul style="list-style-type: none"> • Financial and technical support • Management support - help with workplans, budgeting, etc.

RECENTLY, THE EXECUTIVE BOARD AUTHORIZED “SEED MONEY” TO ENHANCE PSFR CAPABILITIES – BUT PERFORMANCE SPECIFICATIONS ARE IMPRECISE, SUBJECTIVE

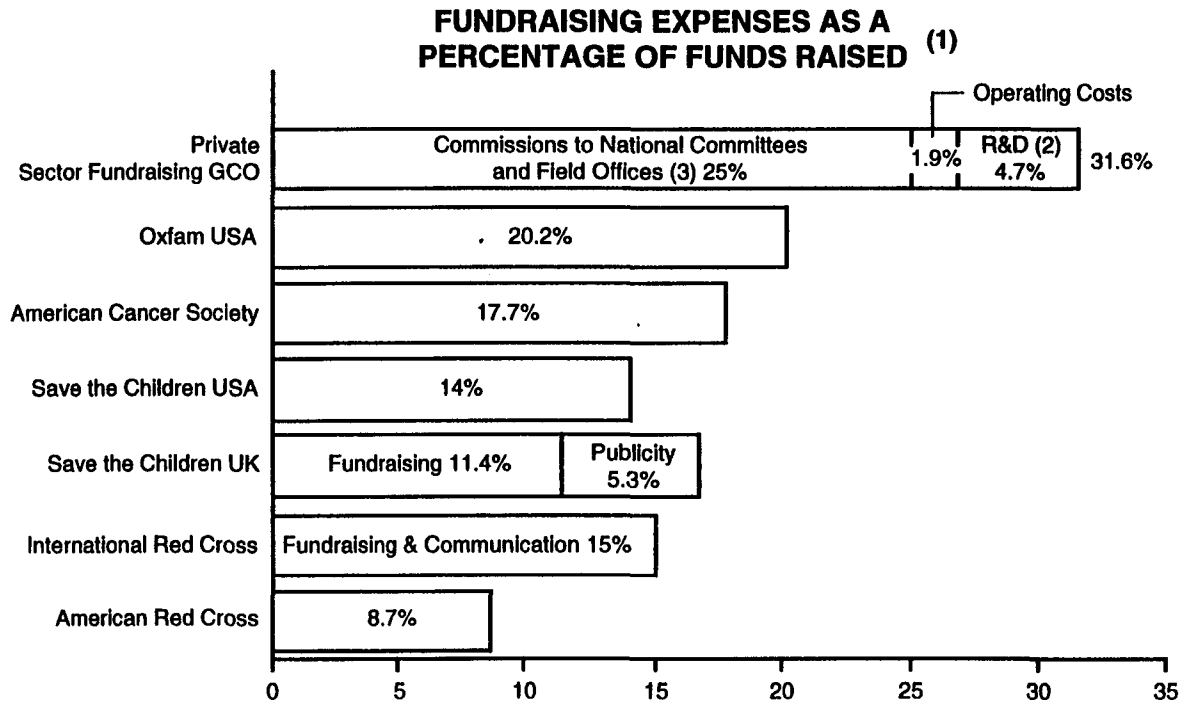


CRITERIA

- Objective to assist NC's and FO's to expand their donor base and increase their capacity to raise funds on a sustained basis from the private sector
- The kind of activities that the FDP funds are:
 - Direct mail
 - Donor acquisition (prospecting)
 - Development of new donor base
 - Research and testing
 - Special promotions
 - Corporate donations/partnership
- No specific ROI is required – “this is where we take risks”
- Only allocate funds if test shows better than breakeven results
- Very few proposals are refused – PSFR staff work with National Committees to ensure proposals meet criteria
- Note that NCs are allowed to retain up to 25% on funds raised

Source: GCO Financial Report

ALTHOUGH GENERATING PERFECTLY COMPARABLE FIGURES IS DIFFICULT, A BEST ESTIMATE OF FUNDRAISING COSTS INDICATES THAT GCO MAY BE DOING IT THE EXPENSIVE WAY



- (1) Note that PSFR in GCO outsources the actual fundraising activities to National Committees and Field Offices. This analysis reflects the full cost to UNICEF since commissions are included. Some part of commissions is claimed to fund information and advocacy activities.
- (2) R&D expenses include investments in donor lists and list management training
- (3) National committees are allowed to retain 25% of funds raised. Field office participation in fundraising activities yielded only 7% of total funds raised in 1993. Expenses were negligible.
- (4) Donations in kind, income from commercial ventures, government grants, income from endowments, etc. is not included in income base

Source GCO Financial Reports; Cancer Society Annual Report, 1993. Save the Children (UK) Annual Report, 1992. Save the Children (USA) Annual Report 1993. American Red Cross Annual Report, 1993, International Committee of the Red Cross Annual Report 1993, Oxfam USA Annual Report 1993

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Opportunities...

THERE ARE SEVERAL GCO IMPROVEMENT OPPORTUNITIES

	POTENTIAL IMPROVEMENT	VALUE FOR UNICEF
ORGANIZATION AND SKILLS	<ul style="list-style-type: none"> • Separate card business and private sector fundraising units • Put qualified experts into each function 	<ul style="list-style-type: none"> • Increased transparency in reporting • Increased fundraising effectiveness
CARD BUSINESS MANAGEMENT	<ul style="list-style-type: none"> • Total dedication to turnaround of this business • Focus efforts on high sales potential markets • Streamline design selection process • Improve inventory management • Devise new approaches to spurring creative market development 	<ul style="list-style-type: none"> • Increased revenue - on the order of \$100 M or more • Reduced costs - allowing more income to be available for funding programmes
CARD BUSINESS EXPANSION	<ul style="list-style-type: none"> • Expand product offerings substantially, with aid of marketing and retailing experts (avoid tax "pitfalls") 	<ul style="list-style-type: none"> • Significantly higher revenue potential
PRIVATE SECTOR FUNDRAISING MANAGEMENT	<ul style="list-style-type: none"> • Examine opportunities to reduce costs of fundraising - consider Natcom commissions and other cost items 	<ul style="list-style-type: none"> • Reducing costs as a percent of revenue by just 1% would release approximately \$1M (at today's levels)
NATIONAL COMMITTEE RELATIONS	<ul style="list-style-type: none"> • Manage Natcoms more directly through External Relations • Modify, manage Natcom commissions and costs over time 	<ul style="list-style-type: none"> • Ability to intervene to improve UNICEF results, improve Natcom performance • Greater net revenue on Natcom funds raised

Recommendations...

SEPARATE CARD AND PRIVATE SECTOR FUNDRAISING UNITS – MANAGE CARDS AS A WELL-RUN COMMERCIAL ENTERPRISE, COMPETITIVE WITH MAJOR INDUSTRY PLAYERS

- Recognize and agree that the purpose of GCO is to raise as much money as possible to fund UNICEF programmes – *other units of the organization* can and should be used for purposes of advocacy, political inclusion, etc.
- Install a “business-savvy” management team; career UNICEF staff have been trained and rewarded to think in terms of UN style rather than private-sector approach
 - Have GCO report in directly to COO/Associate Executive Director
 - Adopt more ambitious goals – consider the competition to be Hallmark, American Greetings and the like; focus on competitive effectiveness and results
 - Employ commercial analyses and profit-driven decision processes
- Make decisions – at the Board as well as Secretariat level – based on commercial criteria rather than political preferences – for instance:
 - Allow possibility of joint ventures with commercial entities
 - Consider operations in location other than NY or Geneva, if financial incentive large enough

MORE COMMERCIAL DECISION PROCESSES ARE CALLED FOR IN SEVERAL AREAS

- Focus attention in card sales markets which have highest unrealized revenue potential, rather than investing broadly in low-return countries – relevant considerations include:
 - size of population
 - size of card industry
 - price levels in the country; implications for profitability with current cost profile
 - ability to develop lower-cost production alternatives for low-price markets
 - country economic stability
 - current GCO market share
- The most striking examples of the above are US and UK markets – increasing GCO share in these markets to France/Germany share level of 4% would be worth over \$200 M
- Streamline design selection/development process – 18 month cycle is 3 to 6 times longer than competitors
Options could include:
 - Continue current approach but less frequently; select designs for several seasons at once
 - Revise process to shorten – for example, limit Natcom consultation to one selection and voting session per season
- Require more discipline from National Committees regarding order size to avoid overproduction; make it inconvenient to have unsold cards
- Influence National Committees to improve performance; don't just provide funds to inspire creativity. Manage the process

Recommendations...

LOOKING BEYOND TODAY'S CARD BUSINESS, A COMMERCIALLY EXPERIENCED MANAGEMENT TEAM SHOULD EXPLORE OPPORTUNITIES TO BROADEN SCOPE TO INCREASE INCOME

EXAMPLES OF NEW INCOME GENERATING ACTIVITIES

	Sell Full Line Of Greeting Card Offerings; Mass Market	Cards And Novelty Items	The Unicef Company
Concept	Increase share in top markets competing with Hallmark, American Greetings, Gibson Company and others	Manufacturing and distribution of greeting cards and novelty items. Supplier of Hallmark?	Manufacturing of products for children: educational toys, stationery, clothing, novelty items. Sales could be done through licensing, franchising
Additional Skills Needed	Marketing, distribution production expertise. Just-in-time production management knowledge	<p>→</p> <p>+</p> <p>Novelty market expertise. New concept might require different artists, designers, producers. Need to acquire different quality control skills</p>	<p>→</p> <p>→</p> <p>+</p> <p>New market expertise: toys, clothing, etc. (Benetton?) Supply and operations skills, franchising, and licensing</p>

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PRIVATE SECTOR FUNDRAISING SHOULD BE MANAGED BY FUNDRAISING EXPERTS TO AMPLIFY OPPORTUNITIES, REDUCE COSTS

- Relocate the private sector fundraising activity as a unit within PFO – both groups focus on fundraising by promoting the UNICEF product, albeit to different audiences
- Examine opportunities to reduce costs of fundraising:
 - Explicitly track all costs for special events (including headquarters support) versus funds raised to get a clear picture of the net – and revise approaches as needed
 - Benchmark success rates with purchased mailing lists versus other fundraising entities
 - Re-negotiate commissions to National Committees over time
- Develop stringent criteria for allocation of funds from headquarters in support of Natcom and field office fundraising activities
 - Doesn't mean close the door; means bring business-like controls to the process
- Support/counsel local efforts to research community donation practices; use to set fundraising goals and develop market-specific targeted campaigns

Recommendations...

UNICEF'S PARTNERSHIP WITH NATIONAL COMMITTEES REQUIRES STRENGTHENING FROM THE PERSPECTIVE OF SUCCESSFUL FUNDRAISING OPERATIONS

- Several issues specific to card and private sector fundraising require more active management by UNICEF:
 - Over-retention of commissions
 - Appropriate levels of commission
 - Over-ordering on cards, generating excessive inventory
 - Ineffective performance by comparison with analysis of market potential
- Under current rules governing the relationship, UNICEF may “cease to provide goods and services” to NatComms who do not comply with retention policy, but this in fact does not occur
 - Without the National Committee in a donor country, UNICEF lacks any presence
 - GCO management concerned about the lack of alternatives regarding sales partners

HOWEVER, THERE ARE IMPORTANT NATCOM ISSUES BEYOND GCO

- National Committees are the sole representation of UNICEF in the industrialized countries – fundraising, communication, and in some cases government relations as well
- As traditional funding sources diminish as expected in the future, the NatComm affiliations may become even more important, since UNICEF may have to develop new approaches, new alliances, to fundraising
- UNICEF currently lacks a single point of accountability for the quality and effectiveness of the working relationship with National Committees – potentially useful assessments are not being done:
 - Review of activities undertaken
 - Review of annual audits
 - Ensuring improvement of poor performers

Recommendations...

UNICEF MUST ACKNOWLEDGE THE STRATEGIC IMPORTANCE OF NATIONAL COMMITTEE ACTIVITIES AND MANAGE THESE PARTNERS MORE ACTIVELY

- Establish a single point of responsibility for National Committee management which acts in the interest of all concerned organizational units
 - More comprehensive role than today's National Committee section
 - Reporting directly to Deputy of External Relations
 - To allow managers of card business, private sector fundraising and information to focus on their primary objectives

- Evaluate performance of National Committees
 - Define concrete performance objectives for National Committees in general
 - Tailor objectives on a country basis to realistic but ambitious goals, based on country situation, fundraising potential, and other NatComm benchmarks
 - Gather and performance data
 - Share best practices worldwide; need not be limited to annual meetings
 - Consider alternatives in cases of non-cooperation and/or non performance; reevaluate contracts if needed

- Sponsor a working party or external evaluation of business economics of these partners:
 - Evaluate relationship between activity expectations and commission levels
 - Consider alternatives, including sliding scale commission levels

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