



Developing Value for Money Statements

A Guidance Document for National Research Associations

1. Background

Every national research association is unique, and yet they all share common characteristics in terms of the tangible and intangible products and services they provide, and the challenge of demonstrating the value of such services to their memberships.

This short GRBN guidance document is aimed at providing a consideration of how to demonstrate and assess Value for Money, and includes a checklist of concepts that national associations could consider for inclusion in Value for Money statements.

2. Value for Money

'Value for Money' (VFM) as a term within national associations, is used to assess whether or not a member of an association has obtained the maximum benefit from the goods and services it acquires and uses – as a consequence of being a member of the association. Some elements e.g. professional standards and public affairs activities, will be subjective intangibles, and therefore difficult to measure. As a consequence they are often misunderstood or undervalued by members, as they require measuring the value of an activity that has not occurred (such as prohibitive legislation) as opposed to what has actually happened. Similarly different products and services will have different value for different types of suppliers. Generally larger suppliers will place more value on intangible activities such as professional standards and public affairs; whilst smaller suppliers will value more tangible activities e.g. access to cost-effective business services, discounts on training and conferences, etc.

Judgment is therefore required when considering whether VFM has been satisfactorily achieved or not. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, appropriateness for the member, timeliness, and convenience to judge whether or not, together, they constitute good value for a particular member.

VFM is often defined by the 'three E's':

- **Effectiveness** – that a national association has delivered a better service or a better return for the same amount of expense, time or effort. This is a demonstration by a national association that by undertaking an activity the effectiveness of the activity was significantly better than if the individual members had undertaken it themselves.

- **Economy** – that a national association has delivered a service with a careful use of resources to save expense, time or effort. This is a demonstration by a national association that by undertaking activities in a collective way (i.e. as an association on behalf of their members) the activity was undertaken more economically than if the individual members had undertaken it themselves.
- **Efficiency** - delivering the same level of service for less cost, time or effort. This is a demonstration by a national association that by undertaking activities in a collective way (i.e. as an association on behalf of their members) the activity was undertaken more quickly and at less than cost than if the individual members had undertaken it themselves.

3. Assessing Value for Money

An assessment of VFM can be achieved in a number of ways, for example:

- through **benchmarking** activities against similar activities undertaken by commercial and/or other non-association bodies e.g. the cost of lobbying by a national association against the cost of retaining a commercial lobbying organisation
- by using **performance indicators** measuring activity against other national associations and/or commercial suppliers
- by conducting **VFM studies** (possibly in conjunction with other national associations)
- by assessing the **value of outcomes** of a national associations activities e.g. what was the value to the sector of a specific lobbying campaign?
- by **developing bespoke value statements and evidence** that demonstrate value for money for individual members based on their usage of products and services

4. Developing Value for Money Statements

If, as a national association, you are considering developing an evidence base to demonstrate Value for Money, whether that be through the development of VFM statements or similar, the following checklist provides a list of topics and/or characteristics that you could consider for inclusion in such statements. The checklist has been developed with thanks to the UK and Australian national associations, MRS and AMSRS, which shared their current VFM approaches, and were used as the basis for the checklist.

Topics to be covered in VFM statement	Essential	Recommended	Optional
<p>The VFM statement should cover a set period e.g. the subscription year - or for those associations that have rolling subscriptions it could cover the financial year for an association</p> <ul style="list-style-type: none"> • <i>This demonstrates economy as it enables an association to remind members what it has achieved in the preceding 12 months</i> 	√		

<p>A detailed list of all tangible products and services provided to members</p> <ul style="list-style-type: none"> • <i>A useful reminder to members of the products and services that are available</i> 	√		
<p>A detailed list of all intangible products and services provided to members</p> <ul style="list-style-type: none"> • <i>A useful reminder to members of the products and services that are available</i> 	√		
<p>A detailed list of those services that are 'free' as part of membership and those that are purchased.</p> <ul style="list-style-type: none"> • <i>This aids transparency and reminds members of the collective benefits, in addition to the individual benefits</i> 			√
<p>The estimated value of each product and service</p> <ul style="list-style-type: none"> • <i>This demonstrates effectiveness and efficiency</i> • <i>This could also be analysed by replacement value i.e. if you purchased the product or service from an alternative 'commercial' supplier what the market cost would have been e.g. one hours legal expertise at a per hour commercial legal rate</i> 		√	
<p>A breakdown of the % costs of each product and service as a % of a national associations total expenditure</p> <ul style="list-style-type: none"> • <i>This demonstrates effectiveness and economy</i> 		√	
<p>A detailed summary of particular activities undertaken during the period</p> <ul style="list-style-type: none"> • <i>This demonstrates economy, effectiveness and efficiency</i> • <i>A useful reminder to all members of the activities undertaken by the association including those that members may not be aware of</i> 	√		
<p>A detailed bespoke breakdown of usage of products and services by each individual member</p>		√	

<ul style="list-style-type: none"> • <i>This demonstrates how much benefit individual members have obtained from membership of a national association</i> • <i>This analysis reminds members what they have used during a period, including activities they may either be unaware of or have forgotten</i> 			
<p>A detailed breakdown of value attained from all products and services used</p> <ul style="list-style-type: none"> • <i>This demonstrates effectiveness and efficiency</i> • <i>Tangible usage should be straightforward e.g. a member has used x products and services which have Y value. Therefore of the members subscription fee x% was covered through direct usage of tangible products and services.</i> • <i>Intangible usage is more difficult; the minimum that can be stated, is the remaining % of a members subscription fee (after accounting for the tangible products and services) was used to contribute towards intangible activities</i> 		√	
<p>Segmented VFM statements, with different emphasis for different types and/or size suppliers</p> <ul style="list-style-type: none"> • <i>This recognises that different types and/or sizes value different types of services</i> • <i>This analysis does not necessarily mean that the VFM statement should be all tangible for small suppliers and all intangibles for larger suppliers</i> • <i>Judgement is needed to determine the impact of an association segmenting its VFM approach.</i> • <i>The approach of large members valuing intangibles and smaller companies tangibles, may not always apply. For example, a small online panel company might place more 'value' on intangible lobbying activities relating to electronic and digital legislation than a large qualitative supplier</i> 			√

5. Value for Money Statements in Use

Using the checklist in section 4, GRBN assessed two of its member associations current Value for Money statements to identify topics and approaches which are most commonly used. The results are overleaf:

Topics to be covered in VFM statement	MRS (UK)	AMSRS (Aus)
A set period e.g. the subscription year	√	√
A detailed list of all tangible products and services provided to members	√	√
A detailed list of all intangible products and services provided to members	√	√
A detailed list of those services that are 'free' as part of membership and those that are purchased	√	√
The estimated value of each product and service	√	√
A breakdown of the % costs of each product and service as a % of a national associations total expenditure	√	X
A detailed summary of particular activities undertaken during the period	√	√
A detailed bespoke breakdown of usage of products and services by each individual member	√	√
A detailed breakdown of value attained from all products and services used	√	X
Segmented VFM statements, with different emphasis for different types and/or size suppliers	X	X

6. Conclusion

GRBN recommends that all associations consider developing VFM approaches if they have not already done so. The role and purpose of national associations is currently under greater scrutiny than ever before. Demonstrating VFM is one way in which national associations can remind its members (and those they wish to attract into membership) of the breadth of what they do and the value it brings to the sector.