



**MEASURING**  
THE FINANCIAL  
**VALUE OF A**  
**SUBSCRIBER**

Guy Dominy



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## ABOUT THE AUTHOR

Guy Dominy is a communication specialist with a particular focus on the planning and evaluation of communication in the public and not for profit sector.

Guy started his career lecturing in research methodology before moving to direct marketing, specialising in the use of data in targeting and evaluation.

As a strategy consultant at the Central Office of Information he successfully led over 60 communication strategy projects including



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the highly sensitive review of the Department for International Development’s communication activity to promote development aid.

Guy’s extensive career in academia, business, charity and public sectors has included technical/analytical through operational to strategic contributions.

Guy is also an experienced trainer for Civil Service Learning and has led over 40 specialist communication courses for UK Civil Service around behaviour change and communications evaluation and strategy.



# 1. INTRODUCTION

The demand for financial accountability is now - and more than ever before - one that public sector communicators can no longer afford to ignore.

This means we must not only be able to say exactly what we are investing in our communications, but we must also place a financial value on the impact of our communications. We need this to show our Return On Investment (ROI). In the words of the Government Communication Service (GCS) we need to rigorously justify every penny we spend. Department for Communities and Local Government (DCLG) guidance on local authority publicity makes the same argument if in more restrained language.

In a previous Granicus white paper, Kevin Traverse-Healy and I discussed this as part of our suggestions on a structured approach to evaluation (see 'Measuring Both Halves'). In this Granicus white paper I build on that work but focus on one particular aspect of demonstrating the financial value of your communications – and in particular how we can put a financial value on a subscriber.

Of course the approach and tools set out in

this paper, while focusing on email, are equally applicable to assessing the financial value of your investment in other communication channels like

Facebook, Twitter and even SMS.

As Kevin and I commented in 'Measuring Both Halves' there are a number of reasons public sector communicators shy away from evaluation, and in particular, the financial element of evaluation which is the focus of this paper. I have found it helpful to remember that this is one of those endeavours that actually is simple, if not easy. Putting a financial value on a subscriber is conceptually very simple. Actually doing it is quite a bit more complex.

Conceptually, you multiply the probability a subscriber will carry out a particular action by the financial value of that action. If a subscriber has a one in ten chance of doing something that is worth £1,000 to you, that subscriber is worth £100 to you.

In practical terms, determining the probability a subscriber will carry out a particular action and putting a financial value on that action can both be tricky. It is easy if you are selling a product to

***“The marketing function (public and private) has to rigorously justify every penny it spends and communicators need data to make smarter decisions to save costs. In the past, accountability meant that the agency just had to take a picture to prove the billboard was there.***

***Now accountability is about ‘who responded to that advert? Where did they go? Where did we reach them? When are they most alert? When are they happiest?’”***

**Government Communication Service, 2015, The Future of Public Service Communications: Report and Findings, page 15**

an email list. It is more difficult if you are communicating with a range of citizens about a range of issues, from refuse collection times, to using the local library, to food safety issues. Both determining the likelihood that someone will do what you want and putting a financial value on that behaviour are not without challenge.

**“In relation to all publicity, local authorities should be able to confirm that consideration has been given to the value for money that is being achieved”.**

**DCLG, 2011, Code of Recommended Practice on Local Authority Publicity**

Kevin and I discussed in some depth how you could determine the likelihood of someone doing what you want in *Measuring Both Halves*. In this paper I focus on how you can put a financial value to that behaviour. I will do three things that will help you measure the financial value of a subscriber and write the business case for investing in email alerts and building your list of subscribers.

- 1.** I will set out a framework for identifying costs/savings;
- 2.** I will identify some approaches/tools for populating that framework and;
- 3.** I will use some of the initial responses from a survey of email alert subscribers to help begin populating that framework.

I first take a broader look at the question of justifying public investment – the context in which we find

### **A NOTE ON TERMINOLOGY:**

***I have used the terms costs and savings fairly interchangeably. The cost of an accident is of course the saving if your communication prevents that accident. Similarly, the cost of handling a telephone call is the saving if you can help someone avoid having to make that call.***

ourselves – before setting out a framework for justifying your investment and placing a financial value on an individual subscriber.

I expand on this by looking at the different areas where we find value: reducing the costs of communication, informing the public, and driving behaviours of benefit to the individual, organisation, and society more generally, before bringing these elements together in a concluding section focused explicitly on using this approach to write your business case.

Throughout, I have used the initial findings from the recent survey of subscribers Granicus carried out with 10 Public Sector organisations<sup>1</sup> to begin the task of quantifying some of these elements.

As of writing this, we had some 11,651 respondents to the survey, an average response rate of 3.9%. We should be cautious in extrapolating from the survey results as it is the first time we have run this survey and, as with many email surveys, its representativeness is yet to be confirmed.

<sup>1</sup> 10 Public Sector organisations: Office for National Statistics, Sheffield city council, Coventry city council, National Audit Bureau, Kent Fire & Rescue Services, UKIS, Suffolk, London borough of Havering, Food Standard Agency, Insolvency Services.



Nonetheless, it is an invaluable resource for the task of beginning to add numbers to the case for investing in both email alerts and building your list and we have attempted to 'triangulate,' i.e. use other surveys and case study evidence, to confirm and calibrate our findings.

These supplementary sources include two very similar surveys with a further 3,000 responses and a number of case studies.

**43%**



***of our 11,651 respondents,  
claimed to have changed a  
behaviour as the result of  
reading an email alert.***

## 2. THE CASE FOR PUBLIC SECTOR INVESTMENT

Much of what we do in the public sector neither generates revenue nor reduces costs directly, so the challenge of justifying rigorously every penny we spend is far from easy. We cannot simply point to sales figures or costs from our management accounts to demonstrate our value.

### INFORMATION CAN BE LIFE-SAVING

*“Professionally, being up to date is very important as anything purchased and then sold to our customers could have devastating results, especially food allergies. Personally, my youngest son has multiple food allergies and carries an epipen, so advice and warnings regarding these products as far as I am concerned can be a life saver”.*

(User of Food Standards Agency (FSA) email alerts).

To take just one example, consider a bad weather alert that leads to a number of people who had planned to travel that holiday weekend cancelling or postponing their trip. That reduction in the number of people travelling then results in a smaller number of road accidents over the holiday

weekend. This alert generates no financial benefits to the weather service yet no one would argue that the weather service should not do this. There is undoubtedly benefit to any individual who does not suffer an accident – even if they do not recognise it.

There is a real reduction in operational costs to first responders and associated services including fire and rescue services, ambulance and police services, and potentially autopsy and legal costs. There is also a very real benefit to wider society starting with the benefits to the traveller’s family, but also their employer and potentially the tax base of the country.

The Department for Transport (DfT) has determined that the financial value of preventing a fatal road accident is nearly £2 million, the value of preventing an accident with serious injuries is over £200,000, and one with only light injuries is a little over £23,000.

£ £ £ £ £ £ £

**The financial value of preventing a fatal road accident is nearly £2 million, the value of preventing an accident with serious injuries is over £200,000, and one with only light injuries is a little over £23,000.**



This calculation is based on:

- 1.** Loss of output due to injury. This is calculated as the present value of the expected loss of earnings, plus non-wage payments made by employers.
- 2.** Ambulance costs and the costs of hospital treatment.
- 3.** The human costs of casualties. These are based on willingness to pay to avoid pain, grief and suffering to the casualty, relatives and friends, as well as intrinsic loss of enjoyment of life in the case of fatalities.<sup>2</sup> It is worth noting that none of these benefits accrue directly to the organisation issuing the bad weather alert. Justifying expenditure then is typically much more complex than for a private sector organisation.

### **FIVE BUSINESS CASE MODEL**

- **Strategic:** *What is a proposal's strategic fit with other priorities and importantly what is the best scope to deliver Value for Money?*
- **Economic Value:** *What is the value to the country expressed as Net Present Value of benefits and costs to the UK?*
- **Commercial:** *If procurement is needed, can we buy what is required economically?*
- **Financial:** *What does this cost (exchequer impacts)? What is the benefit for each £ spent?*
- **Management:** *Will it work? Can it be better planned and organised?*

HM Treasury has addressed this with the very useful model of five business cases. This structure helps you to identify the different benefits and structure your case. This model helps remind us that money is not the only thing that matters in justifying an investment decision. The strategic case is the first of the five cases HM Treasury set out. Here for example we should be considering the 'digital divide' i.e. those not part of the 'online community'. Typically when we talk about this we are thinking about older people.

However, it is important to note that this has changed significantly in recent years. According to Ofcom, this has been largely due to the introduction of tablet devices.

# 25%+

***New Ofcom research reveals that the number of people aged 65, and over accessing the internet has risen by more than a quarter in the past year, driven by a three-fold increase in the use of tablet computers to go online.***

The use of tablet computers by older people aged 65-74 has climbed from 5% in 2012 to 17% in 2013. This has helped to drive overall internet use up from 79% of adults in 2012 to 83% in 2013.<sup>3</sup> The survey strongly supports this with over 16% of our respondents being over 65 rising to over 20% for the local authorities with 3% aged 75 or over (nearly 5% for local authorities). Note that as of 2011 this corresponds closely with the demographic structure of the country as a whole, particularly for our local authority respondents with 19% of adults in the population being over 65, compared with 19% of our survey respondents.

<sup>2</sup> See DfT (2013) Reported Road Casualties Great Britain: 2012.

<sup>3</sup> Ofcom, 2014, Adults' Media Use and Attitudes Report 2014.

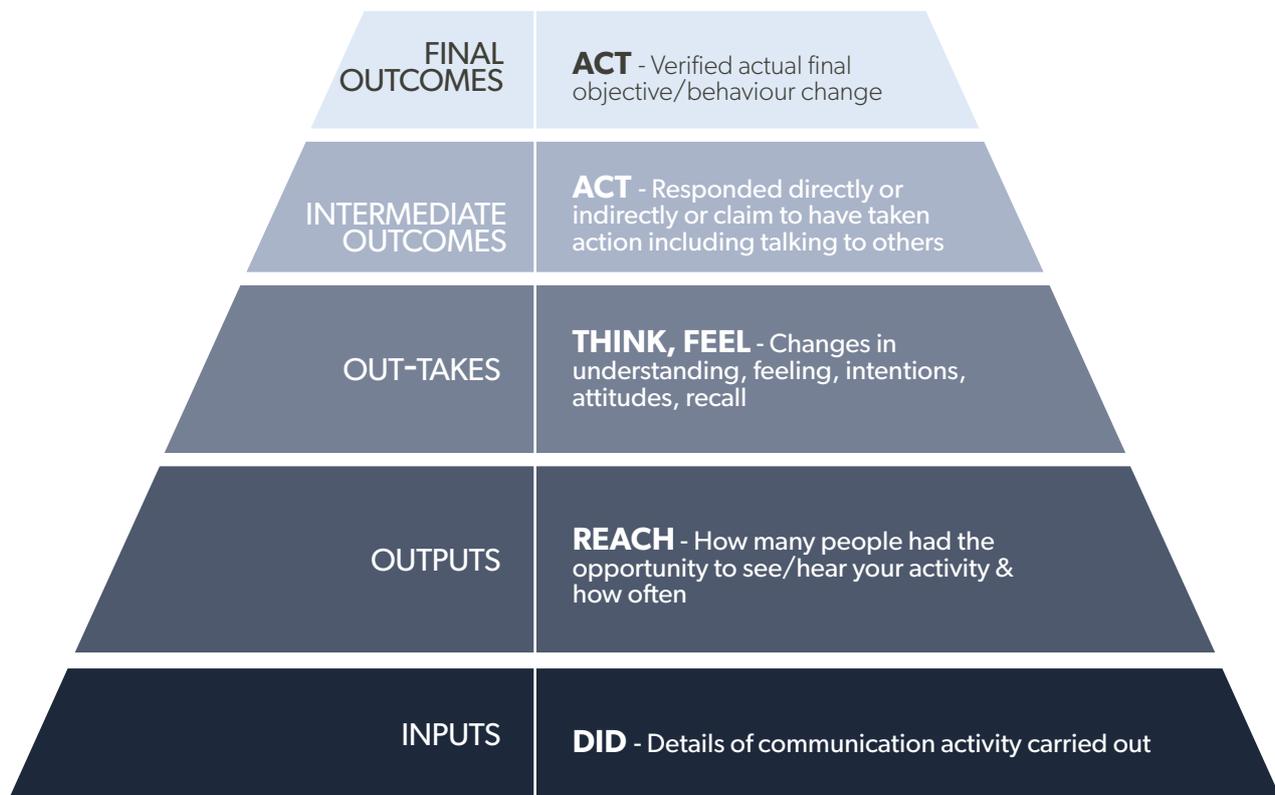
### 3. WHERE TO LOOK FOR FINANCIAL VALUE: A FRAMEWORK

The Treasury ‘Five Business Case’ model is a useful starting place and finishing place when it comes to writing your business case. In particular it allows you to separate out strategic issues, like getting to hard to reach audiences from financial issues like the ROI and commercial issues like what is the best route to secure the service or outcome required: in-house or procurement, for example.

However, it can be useful, when it comes to preparing the economic and financial cases to have a ‘map’ or ‘framework’ of where to look for financial value. I suggest combining a simplified version of the ‘logical frame’ type model set out in ‘Measuring Both Halves’ showing the types of metric that can be linked with financial value with a simple categorisation of who benefits from the activity.

#### TYPES OF FINANCIAL VALUE

The ‘logical frame’ model categorises communication metrics into five categories: inputs, outputs, out-takes, intermediate, and final outcomes. The key type of metric where you can identify financial value are inputs and outcomes and out-takes – though out-takes are actually a little more difficult to assess: we discuss this in Section 5.





## THREE BENEFICIARIES

The value of any public sector activity accrues to one or more of three different 'beneficiaries'. The value of an outcome is the combination of the value to the individual directly affected, to the organisation(s) directly responsible, and of the benefits to wider society.



The first 'area' where value is gained is the **individual subscriber**. They gain value from being better informed. This might mean they actually carry out an action that they feel benefits them or is saved from doing something potentially inconvenient like making an unnecessary journey. It might simply be that they feel more informed which is a legitimate goal of public sector communications in its own right.

The second area where value is gained is **your organisation**. We can break this down further into two sub areas:

1. Reduced cost to serve the subscriber and
2. The value to the organisation of changes in behaviour.

The third and final area where value is gained is value **to society** more generally. Typically public sector activity, including our communication, is aimed at driving behaviours that not only benefit the individual but benefit society more generally. When we reduce crime not only does that individual benefit, but other parts of the public sector benefit from reduced costs, the prison system for example, and other people benefit from

not being around crime. One study suggests that the value to the individual of not being worried about crime is as much as £11,873.4

## A SIMPLE FRAMEWORK

Combining these, we get a simple framework with nine potential 'slots' where we can assign financial value. Of course in reality the distinctions between these are not as clear as the diagram suggests. For example there is a value to being informed but it is open to debate as to where this value should be assigned: to the individual, the organisation, or society more generally.

		VALUE AREAS		
		Individual	Organisation	Society
VALUE TYPES	Cost (Inputs)	<b>A</b>	<b>B</b>	<b>C</b>
	Information (Out-takes)	<b>D</b>	<b>E</b>	<b>F</b>
	Behaviour (Outcomes)	<b>G</b>	<b>H</b>	<b>I</b>

<sup>4</sup> HACT, 2014, Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach

## 4. REDUCING THE COST OF COMMUNICATION

Here I refer to the cost of communicating with an individual or group. When we look at our framework, this is Box B. This actually takes two forms:

1. The reduction in costs when we shift our standard outgoing communication to digital channels and
2. The reduction in costs due to the reduction in avoidable inbound communication because our outbound communication has already answered questions. The second is one of the areas where the flexibility of email is highlighted.

*“Email continues to be a mainstay of communication and service delivery as it allows relatively complex messages and information to be actively ‘pushed’ to very specific users”.*

Power, G. (2012) Channel Shift: Realising the Benefits. Granicus

Our ability to send out tailored alerts that individuals have actually chosen to subscribe to means that email can be used to reduce the burden of inbound communication. We can use email to send both simple and complex messages that deliver the information people want at the time and place it where they want it - especially now with the increasing use of smartphones for

email, which makes email no longer a desk-based medium.

### REDUCING AVOIDABLE COMMUNICATION

The survey offers plenty of evidence that email alerts can dramatically reduce avoidable contact.

The figure for local authorities alone was nearly

**24%**



***claimed that email alerts had helped them avoid making a telephone call to the agency or local authority.***

one in three (31%). When we add in the number who claimed that email alerts had helped them avoid a call to their child’s school, the figure climbs to over one in three (36%).



***18% claimed that email alerts had helped them avoid making an actual visit to their local authority.***



One of the agencies asked about email and found over one in ten (13%) of the responders who were signed up to their email alerts claimed that the alerts had saved them from having to email the agency – and the agency from having to respond.

Again we should remember that the survey respondents are likely to represent most engaged of subscribers so we should be cautious in extrapolating from these figures. However, the case of Dorsetforyou.com suggests these figures are plausible with a measured reduction in call volumes of 20% since the introduction of email.<sup>5</sup>

## PUTTING A FINANCIAL VALUE ON DIFFERENT MODES OF COMMUNICATION

We all know that it is cheaper to communicate using online methods, but when you are working on a business case it is useful to know how much cheaper. Here we consider three non-digital channels:

**NEWSLETTERS:** It seems likely that by replacing a physically printed and distributed newsletter with an electronic version distributed by email you can save anywhere between 70 and 90% of the costs of the newsletter. In our survey the average proportion of local authority subscribers who claimed they had switched from printed to online newsletter was 56%.

You do not need to abandon your printed newsletter but you can gain significant savings from reduced paper purchase, print run, and distribution costs. For typical council newsletter this could amount to around 40p per switcher.<sup>6</sup>

**TELEPHONE CALLS:** According to Dr. Gerard Powers by eliminating the need for a telephone

## SOUTH STAFFORDSHIRE SAVING IN CALL REDUCTION:



**South Staffordshire has received 1,822 fewer calls due to the introduction of email alerts. This amounts to a saving of £5,156.26 based on the SOCITM average call cost of £2.83. This equates to a saving of £1.75 per subscriber for just telephone calls (based on 2,953 subscribers as of 13/8/15).**

call by introducing email you will probably save between £1.60 and £3.00 per telephone call.<sup>7</sup>

**VISITS:** An estimate for face-to-face contact is that it is 3 to 4 times more expensive than telephone time between £5 and £12.

If we were really thorough, we would also identify the savings to the individual of avoiding a telephone call or visit. We could use the same duration figure and average salary to make an estimate of the cost/saving to the individual of eliminating the need to make a call.

Of course the duration might be longer because of the time spent on hold and we know it takes time for people to 'refocus' after an interruption like making a call. Of course this would be a saving your organisation would not be able to realise so it would fit in Box A of our grid and contribute to the

<sup>5</sup> Granicus Case Study: Dorsetforyou.com

<sup>6</sup> Merton Council website (accessed 22-07/2015), Hertfordshire County Council 2012 Comms Plan Financial Scrutiny, page 8, data from Benchmarking group, DCLG 2012 50 ways to save, page 12., From Council FOI request: whatdotheyknow.com (website accessed 22-07-2015), Public PR 2002 Survey on Civic Newsletters, page 9, data from survey

<sup>7</sup> Power, G. (2012) Channel Shift: Realising the Benefits. Granicus

economic rather than the financial case.

## IDENTIFYING POTENTIAL SAVINGS FROM EMAIL ALERTS

Combining the likelihood of a reduction in cost of communication with the cost of different modes of communication we can begin to see what our business case might look like. It should be emphasised that the figures for anticipated reduction are drawn from the survey so should be treated with some caution.

Although as noted, the figures from Dorset where they have actually measured a call reduction of 20% suggest they are not extreme. Similarly South Staffordshire has recorded significant savings just from calls. Interestingly Dorset's 20% reduction and South Staffordshire's experience suggest that the people who subscribe might account for a higher proportion of inbound calls than the typical individual – 'heavy users' of the organisation's services.

However, HM Treasury identifies in its guidance on preparing a business case the issue of 'optimism bias' one of the range of 'cognitive biases' that affect us all. Put simply, we all tend to think that our plan will work. This is helpful in that it helps us get started and keep going with the various projects in our life. It can be dangerous in that we are overly optimistic about the extent of the success we will have and can miss the warning signs that something is going wrong.<sup>8</sup> If we were cautious and reduced the value of anticipated reduction by a factor of ten we would still expect to save £0.15

per subscriber, a saving of £150 per thousand subscribers.

It is also important to remember that there is a difference between these potential benefits and actual impact on the organisation's 'bottom line'.

	PER SUBSCRIBER		
	Cost	Anticipated Reduction	Anticipated Yearly Savings
NEWSLETTERS	£0.40	50%	£0.20
TELEPHONE CALLS	£2.30	20%	£0.46
VISIT	£8.50	10%	£0.85
	<b>TOTAL</b>		<b>£1.51</b>

For these financial benefits to be actually realised (i.e. appear on the organisation's bottom line) the potential savings need to be captured and made real. For example, a reduction in telephone calls of five percent does not magically appear on your bottom line. To appear on the bottom line, you will need to reduce your call centre staff and associated costs.

It can be useful to identify which benefits can likely be realised, how easy that is likely to be and who will be responsible for realising the benefits.

For example, eliminating or reducing the print run

<sup>8</sup> For an excellent discussion of cognitive biases and the way they can trip us up see Kahneman, D., Lovallo, D. and Sibony, O., 2011, The Big Idea: Before You Make That Big Decision... Harvard Business Review, June 2011.



***“Savings are only realised when the reductions in manpower and premises requirements that self-service creates are actually taken as savings. This implies a need to integrate savings realisation and change into your channel shift strategy.”***

CIPFA, 2014, Delivering the digital dividend

of a newsletter might be fairly easy and within the remit of the communication team.

Reducing call centre or frontline customer service staff or premises is likely to be more difficult and fall within the remit of the head of customer services rather than communication. Securing their buy-in will be key to turning potential benefits into actual benefits.

## 5. PUTTING A VALUE ON INFORMING PEOPLE

### RATIONALE FOR 'COMMUNICATING TO INFORM'

Often we focus on the importance of our communication driving specific behaviour i.e. the 'outcomes' of our communication activity. In training groups of public sector communicators I have been known to emphasise this by commenting that it is of no real benefit to the NHS if you know that smoking is bad for you if you continue to smoke – what we really want is for you to give up.



**C**hanges in behaviours that benefit individuals & society



**O**perational effectiveness of public services



**R**eputation of the UK & responding in times of crisis



**E**xplanation of the Government's policies and programmes

**Source: HM Government, 2015, Government Communications Plan 2015/16**

To an extent this is true but it is also true that we live in a democracy. People have a right to be informed about what their government – in the widest sense – is doing and we have a responsibility to inform them.

The latest government communication plan highlights this when it sets out the four legitimate purposes for government communication.

*“For a community to be a healthy local democracy, local understanding of the operation of the democratic process is important, and effective communication is key to developing that understanding. Local authority publicity is important to transparency and to localism, as the public needs to know what their local authority is doing if they are to hold it to account”.*

**DCLG, 2011, Code of Recommended Practice on Local Authority Publicity - Explanatory Memorandum**

Of course this rationale applies equally to the wider public sector. Indeed Department for Communities and Local Government (DCLG) guidance on publicity for local authorities is explicit about this.

Communicating to drive 'out-takes' i.e. the 'softer' measures of awareness, understanding and attitude or what people think and feel is a legitimate activity for public sector communication, but how should we put a value on it?

We know email alerts are an effective way of informing individuals about what government is doing. 87% of our survey respondents agreed they find email alerts useful, with 84% agreeing that email alerts made them feel more informed, with another 84% agreeing they find email alerts



‘interesting and informative’.

Again we should remember that although this is based on over eleven thousand respondents they are not necessarily representative. Nonetheless this illustrates the value of email alerts.

A mantra for communicators is to ‘go where the audience is’ and our audience is on email. Email alerts enable individuals to ‘tailor’ the communication they receive, selecting the alerts that they find useful whether it is alerts about events for people with families or alerts about new legislation or regulations in a specific field for those working in that field.

### **PUTTING A FINANCIAL VALUE ON INFORMING PEOPLE**

Communicating to inform might be a legitimate activity and one that is valued by citizens but how should we put a financial value on it?

In the private and voluntary sectors those ‘softer’ out-take measures can be correlated with ‘hard’ financial measures to demonstrate the value of communication and engagement activity. Staff engagement can be correlated with share price. Brand awareness can be correlated with sales or donations.

In the public sector one thing we can do is to look at proxies, measures that indicate the value we place on people being informed, or to use a different term for the same thing, transparency.

One area where we do place an explicit financial value on the right to be informed is in our Freedom of Information (FOI) legislation. The duty

to supply information is enshrined in the Freedom of Information Act (FOIA) and this act explicitly puts a value on information allowing a public body to refuse a request on the grounds of costs if it will cost more than £450 (£600 for central government) to find and extract the information.

How much it actually costs to administer is difficult to get figures for, but figures from 2005 are available. In that year there were 121,000 FOI requests costing the public sector £35.5 million and averaging 7.5 hours of staff time and costing £293 each.

The total cost across central government of dealing with FOI requests were £24.4 million. Across the wider public sector the total cost of dealing with these requests is estimated to be around £11.1 million per year. Wider public services receive around 87,000 FOI requests annually, more than twice the number handled by central government.

Of these, Local authorities have the highest volume of FOI requests outside central government, receiving around 60,000 per year at an estimated cost of £8 million – an average cost of only £133. The average cost is inflated by a small number of requests, which exceeded the statutory limit to respond to but were responded to anyway.<sup>9</sup>

Doing some very rough maths, if we assume a population of 64 million of which 80% are adults, that gives us 51 million adults and a cost of administering FOI of £0.69 per adult, of which local authorities are shouldering £0.16.

Another area where we enshrine a right to be informed is in Parliament. There is no explicit financial limit placed on answering an MP’s

<sup>9</sup> Colquhoun, A., 2010, The Cost of Freedom of Information, Paper from the Constitution Unit, University College London

question but Parliament does collect data on the costs of responding to questions.

According to Parliament's website, on average answering an oral question costs £450, and answering a written question costs £164 on average.<sup>10</sup> In 2012 there were 42,752 questions that received a written answer and 10,615 that received an oral answer for a total cost of nearly £12 million.<sup>11</sup> Again using the same rough maths we get a figure of £0.23 per adult.

A third area we might consider is the newsletter. A fairly typical cost for a council newsletter is £0.14. The Local Government Act explicitly limits councils to quarterly publication i.e. a cost of £0.56 per 'subscriber'. Making a 'heroic' assumption, if we (guess) estimate that each newspaper is printed for one in five of the population for that area, giving us a figure of around £0.11 per person.

If we take these figures as indicative we might feel justified in assigning a value of between £0.10 and £0.20 per person in our business case for investing in or continuing to use email.

This is quite a wide band but to some extent this must be a political decision taken by those responsible for the democratic accountability of the organisation, whether councilors (who should bear in mind the government's advice that the "public need to know what their local authority is doing") or the senior management team of a Department or agency.

Of course if our communication eliminates the need for even one FOI request or ministerial question it justifies investing hundreds of pounds just in terms of operational efficiency regardless of our duty to inform people.

This discussion leaves open the question of where we should assign this value. It should be assigned to the individual, the organisation or society more generally. My suggestion is that you assign it to society more generally as part of the 'democratic overhead' i.e. the benefit and cost of keeping people informed which is a corollary of being in a democratic society i.e. Box F in our grid.

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<sup>10</sup> See Parliament.uk Frequently Asked Questions: Business, accessed 09-08-2015.

<sup>11</sup> See Parliament.uk Parliamentary Questions in 2012 (2013), accessed 16-08-2015.



## 6. CREATING VALUE THROUGH INFLUENCING BEHAVIOURS

Over and above our responsibility in a democracy to inform people, we communicate to drive behaviour that we want, be it eating more healthily or putting the rubbish bins out on the right day.

As the Government Communication plan quoted previously puts it: “Changes in behaviours that benefit individuals and society” and/or increasing the “Operational effectiveness in public services”. There are two elements to putting a financial value on behaviour. The first is attributing the behaviour to your communication. The second is how you put a financial value on that behaviour.

### ATTRIBUTING BEHAVIOUR TO YOUR COMMUNICATION ACTIVITY

On one hand when you ask people about doing something that can be perceived as ‘good’ there is a tendency to over-claim. On the other hand when asking about many daily behaviours we can easily forget. It is important to use this survey data as a starting point and to seek to assess its accuracy with other measures such as case studies until we develop a feel for the accuracy.

### EMAIL AS A TOOL FOR DRIVING BEHAVIOUR

The evaluation metrics we recommended in ‘Measuring Both Halves’ break down outcomes into two sub-categories: intermediate outcomes and final outcomes. We use this because it can be difficult (time consuming and expensive) to trace the final outcomes of your communication. Often it is much easier to track the initial actions someone might take (for example following a link in an email, downloading a document etc.) Kevin

Traverse-Healy and I discussed this in the Granicus White Paper ‘Measuring Both Halves’. As a quick reminder, we argued that there are really only six ways that you can achieve this.

### EFFECTIVENESS IN DRIVING INTERMEDIATE OUTCOMES

#### SIX WAYS TO ATTRIBUTE BEHAVIOUR TO YOUR COMMUNICATION

1. Logical argument
2. Comparing trends or patterns
3. Econometric analysis
4. Asking people directly
5. Test and control
6. Tracking the individual

Nearly half (47%) of the survey respondents had followed a link to a website. Interestingly there was a difference here between agencies, with 70%, and local authorities, with 34%, respectively claiming to have followed a link to a website. Similarly over one in three (39%) claimed to have read a policy document as a result of an email alert with a similar pattern with 45% for agencies and 20% for local authorities. The difference between agencies and local authorities suggests that agencies might have a slightly different role, more oriented to the provision of information than local authorities. However this might also be a function of the agencies that participated in the survey.

## EFFECTIVENESS IN DRIVING FINAL OUTCOMES



**47% of the survey respondents had followed a link to a website.**

When we asked “Has reading an e-alert influenced your behaviour in any way”, nearly half (43.8%) of our 11,651 respondents, claimed that it had.

When we asked if they had “Changed a behaviour e.g. postponing a journey because of a weather alert”, just over 7% of the survey respondents claimed they had.

The first question covers behaviours like not calling the council, the second is more ‘substantive’. Interestingly when our survey partners asked more specific questions a higher proportion claimed that they had done that behaviour suggesting that people recall better with more specific prompts – although remember our caveat about people over-claiming behaviours they believe are seen as good:

- Nearly a quarter (24%) of survey respondents who are subscribers to local authority email alerts claimed to have attended an event as a result of an email alert.
- One in five (20%) respondents who subscribe to Havering’s email alerts claimed to have visited a library as a result of an email alert. An even higher proportion of the respondents to Nottingham’s survey, 30% claimed to have visited a library as a result of an email alert.
- 15% of survey respondents who are subscribers to local authority email alerts claimed to have undertaken a leisure activity as a result of an email alert.
- Over one in ten (12%) of respondents who

## EMAIL DRIVES BEHAVIOUR CHANGE (OUTCOMES):

**218** people claimed to have changed their recycling habits as the result of reading a Stay Connected email alert.

Source: Survey of Nottingham subscribers (February 2015, 1,454 respondents).

subscribe to FSA’s email alerts claimed to have returned a food product as result of an email alert.

It is worth noting that not all possible responses were anticipated or captured in the questionnaire. For example, FSA asked how many respondents had returned a food product as result of an alert (12%).

However, even a cursory visual inspection of the responses listed under “other” reveal that a large number of individuals had discarded food items due to an alert. Returning the item is undoubtedly the ‘optimum’ response that FSA would like to see but not eating the item is surely also a positive result.

**24%**



**of survey respondents who are subscribers to local authority email alerts claimed to have attended an event as a result of an email alert.**



The survey also shows that subscribers pass on the information. For the FSA this rose to 60% who claimed to have forwarded a food alert. This highlights the risk of underestimating the effect of email alerts. If a similar proportion of those who receive the forwarded email act i.e. 12%, our total becomes 19% (adding 12% of 60% i.e. 7% to the original 12%).

## PUTTING A FINANCIAL VALUE ON BEHAVIOUR

First see if someone else either in your organisation or elsewhere has put a financial value on the behaviour you are interested in. For example, Havering, one of our survey participants, asked

**45%** 

*of the respondents across all the participating organisations had forwarded information.*

about using the library.

DCMS has placed a value on 'active use of library' of £1,359 for the individual's subjective wellbeing.<sup>12</sup> With 20% of survey respondents claiming to have used the library as a result of an email alert, we can allocate a potential value to each individual on the list of £271.8 even if we reduce this by a factor of 100 we still get a value of £2.72 per person on the list.

Our second mantra is 'perfection is the enemy of good enough'. By this we mean don't let the absence of detailed figures stop you using rough figures. For example, if you don't have timesheets which give detailed information down on how

much time staff spend on specific tasks, ask them how long it takes roughly.

As long as you are transparent in your business case indicating the source and likely accuracy of the figures you have used you will be on solid ground.

Having said that let us remind ourselves of the six basic methods for putting a financial value on an outcome. Some of these methods will require detective skills!

**OPERATIONAL COSTS** are simply the costs in staff time and associated equipment and

## SIX METHODS FOR PUTTING A FINANCIAL VALUE ON OUTCOMES

1. Operational costs
2. Economic costs
3. Stated value
4. Revealed preferences
5. Subjective valuation
6. Composite of two or more of the above

premises involved in delivering the outcome. The benefit of reducing these costs will accrue to the organisation and other organisations (i.e. wider society), boxes H and I on our grid.

The Department for Communities and Local Government (DCLG) has provided useful guidance on identifying and calculating these.<sup>13</sup> I also strongly recommend the discussion about calculating the cost of a telephone call by Dr. Power in a previous Granicus white paper on realising

<sup>12</sup> DCMS, 2014, Quantifying and Valuing the Wellbeing Impacts of Culture and Sport

the benefits of channel shift.<sup>14</sup> This discussion demonstrates a pragmatic and robust approach to determining the effective cost of doing anything – in this case answering the phone.

It is also important to remember that these operational costs run from relatively low numbers where you need to drive fairly high response rates to make significant savings to high value items where even a tiny response rate can yield a massive financial benefit – take the example of

justify our investment in just terms of operational costs. Translating this to a value per member of the list we get a value of £90. This is calculated from a 0.7% response rate multiplied by £129,000 then further divided by ten assuming that one in ten who make it to an introductory meeting actually become foster carers. Applying our rough optimism bias reduction again of dividing by 100 we still get a figure of £0.90 for every member of this list.

## CHILDREN IN CARE

**Nottingham asked about whether email had led to individuals attending a foster carer introduction session. Ten respondents claimed they had. A response rate of under 1%. A child in children's home costs a little over £156,000 per year. A child in foster care costs a little over £27,000 a year. If just one person from that ten becomes a foster carer and saves the council from having to put a child into a home that represents a saving of £129,000 and one that is ongoing and that is likely to be realised on the actual bottom line.**

Source for costs: House of Commons Library, 2014 Children in Care in England: Statistics (SN/SG/4470)

recruiting foster carers when even one success could represent a direct operational saving to a council of £129,000.

For some of things we do in the public sector even a very low response rate is more than sufficient to

**ECONOMIC COSTS** are costs such as benefits paid out, income lost, cost of replacing damaged good, repairing damaged property, etc. These costs will typically be allocated to the individual and wider society i.e. boxes G and I on our grid. Sometimes these can be simple to identify such as benefits payments. Other times it might be more complex. Again it is worth looking to see if someone else has done the work first. For example, the then Office of The Deputy Prime Minister (ODPM) when determining the costs of fire to the economy borrowed the work of Department for Transport (DfT) on calculating the cost of a fatality, serious, and light injuries.<sup>15</sup>

**STATED VALUE** is obtained by asking people directly what they would be willing to pay for something to happen or not to happen. These benefits would typically be allocated to the individual i.e. box G. This method is based on asking people what they would pay for the outcome you are trying to place a value on. The most common way to approach this is to survey a representative sample of the relevant population asking them how they would value the item you are trying to value. This approach has also been used in valuing cultural artefacts, such as historic landmarks/buildings. The people surveyed can be asked what they would be willing to pay (WTP) to preserve a specific service such as a library or park for example, or they can be asked what they would be willing to accept (WTA) from a developer

<sup>13</sup> The Department for Communities and Local Government has published useful guidance on this. See DCLG, 2008, Delivering Efficiency: Understanding the Cost of Local Government Services.

<sup>14</sup> Power, G. (2012) Channel Shift: Realising the Benefits. Granicus.

<sup>15</sup> ODPM, 2006, The Economic Cost of Fire - Estimates for 2004.



for the site. One thing to bear in mind here is that when asked we tend to value more highly what we already have. If say we ask the inhabitants of a town what they would pay to keep their library you will get a higher figure than if you ask the inhabitants of a similar town without a library what they would pay to have a library.

**REVEALED PREFERENCES** This method is based on examining what people actually do/pay for, rather than what they say they would do/pay for. These benefits would typically be allocated to the individual i.e. box G. An example would be using average house price variation as a proxy for the value people place on a 'good' school. Another example is looking at how far people will travel to use a particular facility and translating that into a financial value. This is an example of an approach where you will be required to exercise your detective skills.

**SUBJECTIVE VALUATION** might be considered a variant of revealed preferences and, as with revealed preferences, again they would typically be allocated to the individual i.e. box G on our grid. In recent years people have begun collecting data on 'wellbeing' and correlating this with income. Essentially this approach identifies the increase in well-being associated with a specific outcome – using a library, volunteering, participating in sport etc and compares it with the increase in income that would need to generate a similar level of increased wellbeing.

**COMPOSITE MEASURE** This is based on the use of two or more methods. It is what you will likely need to do to build your business case. I have already referred to the DfT determination of the cost of an accident involving injuries and/or fatalities (which is, of course, the value of such an accident prevented). The three methods used are:

**1. Economic Costs:** Loss of output due to injury. This is calculated as the present value of the expected loss of earnings, plus non-wage payments made by employers;

**2. Operational Costs:** Ambulance costs and the costs of hospital treatment and;

**3. Stated/Espoused/Expressed**

**Preferences:** The human costs of casualties.

These are based on willingness to pay to avoid pain, grief and suffering to the casualty, relatives and friends, as well as intrinsic loss of enjoyment of life in the case of fatalities.

# 7. CONCLUSION: BRINGING IT TOGETHER FOR THE BUSINESS CASE

In conclusion I have set out a framework for identifying costs/savings, I have identified some approaches/tools for populating that framework, and I have used some of the initial responses from a survey of email alert subscribers to help begin populating that framework.

## PUTTING TOGETHER YOUR BUSINESS CASE

We can bring together HM Treasury’s five business case model with the framework set out here. The red area covering all nine boxes includes the elements for the economic case i.e. what is the value to the country expressed as Net Present Value of benefits and costs to the UK?

The purple box covers the elements that go to

VALUE AREAS				
	Individual	Organisation	Society	
VALUE TYPES	Cost (Inputs)	<b>A</b>	<b>B</b>	<b>C</b>
Information (Out-takes)	<b>D</b>	<b>E</b>	<b>F</b>	
Behaviour (Outcomes)	<b>G</b>	<b>H</b>	<b>I</b>	

■ Economic Case  
■ Financial Case

make up the financial case i.e. what does this cost (exchequer impacts) and what is the benefit to the organisation for each £ spent – the Return On Investment (ROI)?

Pulling together the numbers we have considered

VALUE AREAS				
	Individual	Organisation	Society	
VALUE TYPES	Cost (Inputs)	-	<b>£1.51</b>	-
Information (Out-takes)	-	-	<b>£0.15</b>	
Behaviour (Outcomes)	🎯	🎯	🎯	

■ Economic Case  
■ Financial Case  
🎯 Depends on behaviour targeted

throughout the paper we can put a number for the value to the organisation per subscriber of reducing costs (box B in our grid). Even with our caveats regarding survey data and ‘optimism bias’ our figure of £1.51 seems reasonable and supported by case study evidence. Populating the other boxes is more difficult because it is completely dependent on the specific behaviours you are using your emails to drive.

These numbers though are almost inevitably going to be higher than the £1.51 per subscriber. For example, we considered library use which would justify us putting £2.72 in the value to the individual for changing behaviour box (G) simply for targeting library use. Similarly we looked at the case of recruiting foster carers which would justify us putting £0.90 in the value to the organisation for changing behaviour box (H).

When we combine this with likely subscription rates derived from Granicus’ own experience<sup>16</sup> from just considering reduction in communication



costs to the organisation, we get an average value to a local authority of just under £70,000 per year.

Given the overlap between first and second tier councils this could amount to value of over £32 million to local authorities collectively. A

	Target Sign-up (as % of total population)
City Council	20%
Unitary Council*	35%
Borough/District	20%

\* Includes all Unitary, London Boroughs, Metropolitan Boroughs, Scottish, Welsh and Northern Ireland Councils.

strong financial case in Treasury’s terms even without considering the financial benefits to the organisation of driving behaviours like fostering, recycling, etc. let alone the economic case incorporating the value to the individual and society more generally including our suggestion of £0.15 for valuing email’s contribution to transparency. To illustrate this process we have suggested what a business case for our favourite county of Anyshire might look like.

## CASE STUDY: ANYSHIRE

Anyshire communications team has decided it wants to invest in email alerts to extend their reach and ability to deliver very targeted messages to specific audiences as well as reducing costs within the communications function. In the new financial environment the senior management team has asked for an outline business case. Any new investment in Anyshire now has to be supported by a business case and the communications team is asked to look into preparing a draft business

case for the Director of Communications.

After some online research and conversations with various stakeholders including the council’s customer services and finance teams they have decided to use the Treasuries five business case model and the outline set out in the Granicus white paper: Measuring the Financial Value of a Subscriber.

Reducing the costs of communication are a priority for the communications team but Anyshire also has a number of strategic issues which the communications team believes email alerts can contribute to. In particular, Anyshire is very proud of its library service and is keen to encourage library use in any way it can. Like most other councils, recruiting foster carers is an issue and the team has read of other council’s success in using email to encourage interest and lastly the council is interested in supporting sport/leisure activities among the population. Their first draft has produced some impressive numbers. Granicus told them that the average take-up currently for a county council is 17% and Anyshire is a very average county with a population of 850,000 suggesting they base their numbers on a subscriber base of 144,500.

**COSTS (INPUTS):** Based on the £1.51 figure for reducing costs they get a figure of a little over £200,000 for potential cost savings from reducing the cost of communication, each year.

**INFORMATION (OUT-TAKES):** They feel that the value of informing people should be something that the council claims because of the way they interpret the Publicity Code and they use the figure indicated in the Granicus white paper of £0.15 per subscriber to produce a figure of £21,000.

**BEHAVIOUR (OUTCOMES):** Various HoC and DfE documents suggest that the savings from

<sup>16</sup> Among current local authority users of Granicus systems subscribers to the email alerts average 22% of the local authority population. Of course this number is likely to grow as users of the systems gain more experience and invest more in building up their subscriber base.

putting just one child with foster carers is in the order of £130,000. They feel uncomfortable with claiming too much here so settle for pointing out that using email to help increase recruitment of just one foster carer who takes a child will save the council £130,000.

**FINANCIAL CASE:** Taking the figures from the middle column, the 'Financial Case' for the investment then rests on potential value to the council of over £350,000.

They are also mindful of the difference between potential benefits and realised benefits and have had a few conversations about this issue. The communications team is willing to immediately begin a shift to electronically delivered newsletters to realise these potential savings. While the customer services directorate has indicated a willingness to restructure once they have some solid operational data on telephone calls and visits (six months worth) to capture the remaining potential savings from reduction in avoidable communications.

**ECONOMIC CASE:** They have also looked at some recent literature from DCMS on the value to the individual of participating in sport and using library services.

Using the figures from the Granicus survey and dividing by a hundred to allow for the fact that (a) the survey respondents are probably more engaged than the average subscriber and (b) not everyone who visits a library or takes part in a sporting activity will continue to do so, they still get a figure of £900,000 benefit to individuals. They also notice in looking at the DfE figures on children's home that children in care homes are more likely to runaway and offend. Doing some rough math and getting the costs for offending from the unit cost database and the anecdotal cost for a runaway from a friend in children's services, they feel it is worth indicating the potential

## LIBRARY USE:

Data from Survey — (25%/100) — Adjusted for caution

Subscribers — x 144,500  
x £1,359 — Figure from DCMS

**= £490,000**

## SPORTING ACTIVITY:

Data from Survey — (28%/100) — Adjusted for caution

Subscribers — x 144,500  
x £1,106 — Figure from DCMS

**= £447,000**

## COST OF CHILD OF CARE TO CRIMINAL JUSTICE SYSTEM

Children's Home: 19.7% x £21,268 = £4,190

Other (inc. foster care): 9.8% x £21,268 = £2,084

**Saving: £4,190 - £2,084 = £2,106**

*Probability of offending from DfE figures, cost of new entrant to youth justice from Unit Cost Database*

broader value to society of increasing the capacity of Anyshire's fostering service (most of these will fall to the police and criminal justice system).

A quick survey of the literature reveals that



everyone is convinced that libraries also contribute more broadly to society but they still have to find numbers for this they feel comfortable using. Even focusing on just these three 'target' behaviours and using numbers they feel are fairly easy to defend, the 'economic case' then suggests that email alerts could be worth over £1.25 million to Anyshire as a whole.

## CONCLUDING REMARKS

Populating the nine boxes does require some work, but in the current environment this is no longer something you can put to one side or on the backburner.

So first see if anyone has already done the job

### VALUE AREAS

		Individual	Organisation	Society
VALUE TYPES	Cost (Inputs)	-	£200K	-
	Information (Out-takes)	-	£21K	-
	Behaviour (Outcomes)	£937K	£130K	£2K

you need to do. Is there survey data or a case study that can help you estimate the impact of your communication in changing behaviour? Has someone else, a government department, a charity perhaps, attempted to put a value on the outcome you are particularly interested in?

If not, don't let a perceived need to get it perfectly right, a lack of data, or complexity stop you. Start simple, use common sense and logic. Think about what things cost. Make a start, show your

assumptions and thinking, and let yourself and others build. This is an area where we can and should help one another.

## ABOUT

Granicus provides technology that empowers government organizations to create better lives for the people they serve. By offering the industry's leading cloud-based solutions for communications, meeting and agenda management, and digital services to more than 3,000 public sector organizations, Granicus helps turn government missions into quantifiable realities. Granicus products connect more than 150 million people, creating a powerful network to enhance government transparency and citizen engagement. By optimizing decision-making processes, Granicus strives to help government realize better outcomes and have a greater impact for the citizens they serve. For more information on Granicus, visit [www.uk.granicus.com](http://www.uk.granicus.com).

