**Value Proposition**

 **Overview**

**Demonstrating Value for Your Asthma Program**

An estimated 25.9 million people, including 7.1 million children, have [asthma](http://www.epa.gov/asthma/pdfs/asthma_fact_sheet_en.pdf).

**QUESTION: WHAT IS A FUNDER?**

Answer: Any decision-maker involved in determining the funds your program has access to. Examples: government and foundation grant makers; hospitals; insurers; department or division directors; boards of directors; city councils or mayors; and CEOs.

Now, more than ever, your program’s services are needed. With increased competition for limited funding, it is critical that you are able to clearly articulate your program’s value to both your community and potential funders to secure the resources you need to maintain a sustainable program. A value proposition will help you convey the value of your program and raise the funds you need.

**What is a Value Proposition?**

A value proposition is a tool to help you communicate the unique value and benefits of your program to funders. It demonstrates that the health outcomes a program creates and the economic savings a program generates outweigh the program operating costs. Whether you are starting a new pilot project or you are a part of a well-established program, value propositions are effective tools for securing future funding.

While your program’s value proposition consists of many pieces, you will need to provide a quick summary when you approach a funder for the first time. In 30 seconds or less, you should express the value your program will provide to your community and the cost to run your program. This is called your value proposition statement. You should strive to ensure your value proposition statement is clear, concise and irresistible.

Here are two examples of short, to-the-point value proposition statements:

**Program A:**

* For $18,441 my program will reduce hospitalizations by 58 percent for 13 pediatric patients and will generate $257,230 in health cost savings over the next 3 years.

**Program B:**

* For $368,820, my program will reduce hospitalizations by 58 percent for 270 pediatric patients and will generate $5,144,600 in health cost savings over the next 3 years.

Once you grab your funder’s attention with your value proposition statement, you will obtain their buy-in by demonstrating what you will deliver and how you will track your program’s progress.

**Building Your Program’s Value Proposition**

To get started, we need to discuss five components of your program that will help you build a powerful value proposition. No two asthma programs are alike. As you review the examples we provide for each component, keep in mind that your program will likely be different and it will be up to you to determine how best to tailor your value proposition to your program. The five components of your program that will inform your value proposition are:

* *Target Population – Who you serve*
* *Program Activities – Services your program will offer*
* *Health Outcomes – Improvements in health resulting from services your program delivers*
* *Program Costs – What it will cost to manage, deliver and evaluate your program*
* *Healthcare Savings – Avoided medical costs resulting from services your program delivers*

**Program evaluation** is essential to secure funding and maintain sustainable programs. Potential funders will want to know how your program plans to be held accountable. There are many ways to perform program evaluation. Done right, program evaluation not only provides accountability for your program, but adds value and provides insight about your efforts by measuring whether goals are met and strategies are working. To learn more about program evaluation, visit[AsthmaCommunityNetwork.org/webinars](http://www.asthmacommunitynetwork.org/webinars) and [AsthmaCommunityNetwork.org/podcasts](http://www.asthmacommunitynetwork.org/podcasts).

As you work through developing your value proposition, we recommend that you use the [Value Proposition Kit](http://www.asthmacommunitynetwork.org/system/files/Value%20Proposition%20Kit_121313.docx) which includes worksheets that will help to define the components of your program, the metrics you will use to evaluate your program’s success and your Value Proposition Statement.

**Component 1: Target Population**

A brief explanation of your target population includes answers to two questions: *Who does your program target? And how many individuals can your program serve annually?*

Describing your program targets simply means stating the populations your program focuses on. For example, do you primarily serve children who have previously required a hospitalization or visited the emergency department (ED) for asthma? Or does your program target home-bound elderly adults?

Stating how many individuals your program can serve annually asserts your program’s capacity. Be specific, use estimates when necessary, but use the best data available.

**Example:**

* *My program serves 270 pediatric asthma patients per year in the Cleveland area.*

### Component 2: Program Activities

Program activities are the actions your program plans to take to ensure your program meets your targeted health outcomes.

##### Things to consider:

* What tasks or program activities will your program perform?
* How will your program track and measure progress towards your activities?
* What are your program’s performance targets?

##### Examples:

* *Provide in-home visits to 557 families over the next three years.*
* *Recruit and train 360 asthma educators and community health workers on how to conduct in-home visits.*
* *Train 50 home visitors and 20 weatherization grantee staff on how to perform in home assessments.*
* *Gather feedback from all 557 patient families on performance of home visitors during home assessments.*

### Component 3: Health Outcomes

Health outcomes are the long-term impacts your program promises to deliver to your target population.

You may not have the data you need to formulate your program’s health outcomes or the cost of your program. If that’s the case, you will have to use data from other sources to make the best estimates about your potential programs cost and health outcomes. We recommend reaching out to existing programs within our [**Communities in Action Discussion Forums**](http://www.asthmacommunitynetwork.org/interact/forum)to learn more about the future of reimbursement to ask questions and share your ideas.

You may also want to consider trying a pilot program that involves fewer resources and can verify your cost and benefits

Funders need to be convinced that your program offers a significant service to your community. They will need a very clear picture of what those services are and how they will benefit your community. It is not sufficient to say that your program improves the lives of asthma patients – you will need to provide specific and quantifiable examples.

We recommend that you use the “Defining My Program’s Value” section of the [Value Proposition Kit](http://www.asthmacommunitynetwork.org/system/files/Value%20Proposition%20Kit_093013.docx)to think through your program’s health outcomes and how your program will track and measure progress made towards those outcomes.

##### Things to consider:

* What are the long-term outcomes your program is after for your target population?
* What is your program committed to achieving for your target population?
* How long will it take for your program to achieve your targeted outcomes?
* How will your program track and measure progress towards your health outcomes?

##### Examples:

* *My program will reduce hospital visits by 58 percent for our target population of 270 pediatric patients within one year of program completion.*
* *My program will reduce 30 day re-admits by 100 percent for our target population of 270 pediatric patients within one year of program completion.*

### Component 4: Program Costs

Your value proposition should demonstrate that the benefits of your asthma program outweigh your program’s operating costs. Be sure to consider all of the costs associated with implementing your program including the cost of management, program activities and program evaluation.

* The management costs of your program should cover all administrative and overhead costs associated with running your program. Consider things such as additional administrative staff and increased fixed expenses.
* As previously mentioned, program activities are the actions your program plans to take to ensure you meet your targeted health outcomes. Consider the cost of training new staff, sub-contractors and the purchase of new equipment.
* As previously stated, program evaluation is a key for ensuring sustainability. You should include the costs of tracking and measuring the results of your program within your estimated costs.

##### Example:

* *It will cost $73,764 to cover the management costs for my program. (20 percent of my total costs)*
* *It will cost $258,174 to cover the program activities costs for my program.(70 percent of my total costs)*
* *It will cost $36,882 to cover the evaluation costs for my program. (10 percent of my total costs)*
* *My program will cost $368,820 to implement.*

You should also consider showing the cost of each activity that your program implements. For example, how much does it cost to train one health care worker to perform in-home asthma assessments? Funders may ask you specific questions about your costs breakdown in order to get a better understanding of your program and its costs.

##### Example:

* *It costs $300 to provide health and a safety items such as HEPA filters to one individual within my target population.*
* *It costs $5,000 to train one health care worker to perform at-home interventions.*

### Component 5: Healthcare Savings

Demonstrating cost savings can sometimes be challenging. Fortunately, there is a lot of information and data available on the typical costs to treat asthma patients. Check out the resources below:

* [**CDC Fast Stats on Asthma**](http://www.cdc.gov/nchs/fastats/asthma.htm)

One important potential benefit of your program may be that it reduces medical costs, such as for hospitalizations and ED visits. Please note this is different than program costs which are your program’s operating costs (see the [Value Proposition Kit](http://www.asthmacommunitynetwork.org/system/files/Value%20Proposition%20Kit_093013.docx)).

Demonstrating healthcare savings is an effective way of getting funders to buy into your value proposition.

By reducing hospitalizations, ED visits or other medical costs, your program may generate savings or prove to be a cost-effective investment for managed care organizations, hospitals, insurers, health departments and grant makers.

Consider the following questions when determining your healthcare savings:

* How much does it cost to serve one individual in my target population?
* How much does an ER visit cost for a typical asthma patient?
* How much does a hospitalization cost for a typical asthma patient?
* How much does it cost to treat an asthma patient? (Medications, doctor visits, etc.)
* How do your program interventions affect ER visits, hospitalizations, etc. of your target population?

##### Example:

*By reducing hospitalizations for my target population by 58 percent, my program will save $5,144,600.*

* Cost to hospitalize one individual from my target population: $17,740.

Remember to frame your health cost savings to tell a compelling story to your potential funder. Identify what drives their decision-making and tailor your value proposition to fit their interest.

* Number of hospitalizations prior to home interventions: 500.
* Number of hospitalizations post home interventions: 210.
* Cost to serve my target population: $368,820.
	+ Before Home Interventions: $17,740 \*500 = 8,870,000
	+ After Home Interventions: $17,740 \*210= 3,725,400
	+ Health Cost Savings: 8,870,000 - 3,725,400 = 5,144,600

While we are presenting the concept of health cost savings, potential funders may also want to know the return on investment (ROI) of your program. Simply put, your ROI tells an investor how many dollars in value one dollar invested will generate.

##### Example:

For every one dollar my program received, we generated 12.95 dollars in health cost savings.

ROI: (5,144,600 – 368,820)/368,820 = 12.95

### Your Elevator Pitch

After you have identified all of the key components of your program’s value proposition, you will be ready to develop your program’s value proposition statement.

Your program’s value proposition statement is your elevator pitch for your program. Keep in mind that funders are constantly propositioned new programs to support. The purpose of your statement is to quickly demonstrate to a potential funder that your program is powerful and worth funding.

To build your value proposition statement, we recommend that you use the model below. Again, every program is unique and so you may have to tailor the template to fit your needs.

For **[cost]**, my program will **[long term health outcome]** for **[target population]** and will generate **[health cost savings]** over the **[time period]**.

##### Example:

*For $368,820, my program will reduce hospitalizations by 58 percent for 270 pediatric patients in my community and will generate $5,144,600 in health cost savings for my community over the next 3 years.*

Once you’ve obtained a funder’s attention, you will use all of the other components of your value proposition to secure their support.

### How Can I Discuss and Learn More about Developing My Program’s Value Proposition?

Use the [Communities in Action Discussion Forum](http://www.asthmacommunitynetwork.org/interact/forum) on AsthmaCommunityNetwork.org to post your questions, thoughts or ideas about the development of a program value proposition.

To join a Discussion Forum you must be a registered member of AsthmaCommunityNetwork.org. If you are a member, log in to the Network via the “member login” box at the top of any page prior to accessing the Discussion Forum.

Not a member yet? [Join the Network now.](http://www.asthmacommunitynetwork.org/user/register)