



NW SEM Collaborative Business Plan

The Future of the Collaborative: A Regional Model

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Background

Established over ten years ago, the Northwest SEM Collaborative (NW Collaborative) has been funded by regional utilities with administrative support from the Northwest Energy Efficiency Alliance (NEEA). The vision for the NW Collaborative is to establish an independent and sustainable funding model to carry the NW Collaborative forward in perpetuity.

The current funding commitment ends on December 25, 2024.

The North American SEM Collaborative (NA Collaborative) was founded in 2019. Key members of the NW Collaborative engaged with partners from outside the region to help launch the NA Collaborative to meet the needs of a broader geographic region, but also with the aim of providing ongoing value to SEM practitioners in the NW.

Starting in January 2021, the Business Plan Subcommittee (Subcommittee) of the NW Collaborative Leadership Team (LT) explored various options for a sustainable funding model for the NW Collaborative beyond 2024.

Introduction

Through a diligent and comprehensive process, the Subcommittee developed criteria to evaluate the highest value activities for the NW SEM community. The Fall Workshop and Working Groups were deemed to provide NW SEM practitioners with the best opportunities for leadership, learning, and connection. The Subcommittee recommended to the LT to investigate merging/joining with the NA Collaborative while preserving the NW specific Fall Workshop and Working Groups.

The LT has successfully engaged the NA Collaborative board to confirm the preferred relationship between the two collaboratives and develop a plan for the NW Collaborative to merge/join the NA Collaborative.

The target start date for the new regional model under the NA Collaborative is January 1, 2024. This will allow for one year of overlap under the current funding commitment to ensure the NW component of the NA Collaborative is set up for success.

This document is intended to provide the NW Collaborative funders, members, and community at large with an overview of the decision-making process supporting the recommended path forward.

Overview: Goals, Process, and Criteria Leading to Recommendation

For 2019-2022, one of the three primary goals established in the work plan for the NW Collaborative Leadership Team (LT) was:

“The NW SEM Collaborative is a self-sustaining organization with a diversified funding base by 2025.”

To further support this goal, the LT developed specific objectives in their 2021 and 2022 annual work plans:

2021 LT Work Plan Objectives*:



- A. Define the needed elements of the Business Plan
- B. Define strategy for a self-sustaining organization
- C. Understand the value proposition of the NW Collaborative

*See Appendix for 2021 work plan outcomes and deliverables

2022 LT Work Plan Objectives:

- D. Establish decision timeline
- E. Further develop the preferred options
- F. Complete the business plan document
- G. Circulate the business plan document

Over the course of 2021 and 2022, the Subcommittee has used a range of tools, frameworks, and engagement with collaborative community to fulfill the LT's work plan objectives and define success criteria for a sustained NW Collaborative. Based on this process and what the Subcommittee and LT heard from the community, they defined the elements of the NW Collaborative that are important to maintain moving forward:

- Continue to provide value in the region through a regional model with NA Collaborative, including:
 - Continuation of regional activities with the Fall Workshop and Working Groups
 - Leverage the legacy of SEM in the NW to bolster continued growth of SEM in the region and beyond

Business Plan Subcommittee Process & Results

The Business Plan Subcommittee conducted two sessions using a visual tool called a business model canvas (BMC) to kick off the process. A BMC is used to develop new business models and document existing ones. The outcome of the first session was a refined understanding of the NW Collaborative's customers and value proposition and the outcome of the second session was a brainstorming list of customer relationships, channels, and revenue streams. With the outcomes of the BMC work, the Subcommittee then took their assumptions to the Collaborative members in a 3-day Action Session track during the 2021 NW SEM Collaborative Fall Workshop to validate and test their assumptions. The group conducted a SWOT analysis and identified the primary customer segments of the NW Collaborative: program managers and implementers.

The value proposition for those customers is the networking, resources, peer learning, best practices, professional development, business development, industry insights, workforce development, exposure to new ideas and tools, and a community of practice that help program managers and implementers.

The strengths of the NW Collaborative are the regional focus, annual fall workshop, working groups, ample leadership opportunities, and it being small enough to foster opportunities and influence.



These outcomes illustrated a clear opportunity for NW Collaborative to partner more directly with NA Collaborative. Participants expressed strong alignment on seeing overlap and benefit to collaboration with NA Collaborative.

Options for Paths Forward

Based on outcomes of the Fall Workshop Action Session and Business Model Canvas work, the Subcommittee identified these paths forward for more in-depth consideration:

1. Independent:
 - 1A. Collaborative continues without funding (i.e., all efforts are volunteer based)
 - 1B. Double down on regional focus and continue to focus on implementers with revenue tied to market entry and consolidation of tools, content, regulations
2. Partnership:
 - 2A. (Implementer focus) Partner with NA SEM Collaborative or NEEP
 - 2B. (End-use focused) Partner with DOE or EPA
3. New Audience: Add End-Users (This was identified as an add-on offering for both Independent and Partnership options.)

Through the above process, evaluating pros and cons for each option, the subcommittee agreed the partnership model 2A made the most sense to pursue. Options 1A and 1B rely heavily on volunteer time and efforts, which would make them harder to sustain in the long term. And option 2B would require building a relationship with a new entity and value proposition alignment was uncertain.

The pros and cons were further informed by the SWOT analysis which indicated substantial overlap between NW Collaborative and the NA Collaborative. Additionally, the SWOT indicated a desire to maintain local connectivity and learning, which could be accomplished by maintaining some local services while providing others through another organization. NA Collaborative has the most overlap in terms of membership and need.

NW LT Vision for Partnership with NA SEM Collaborative

The NW Collaborative members have expressed a strong desire to keep regional offerings, specifically the Fall Workshop and Working Groups. A regional model within the NA Collaborative seems the most logical path forward and worthy of pursuit to maintain the value for SEM in the region. The NW and NA together could elevate the NA Collaborative value proposition and create a unified voice for SEM, minimizing dilution and market confusion by combining Collaboratives.

Next Steps

The NW Collaborative LT and NA Collaborative board have met several times over the summer of 2022 to discuss a regional model. The NA Collaborative board voted unanimously to support this regional model, and the NA Collaborative board agrees to support the Fall Workshop and Working Groups moving forward.



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The two parties will develop the details of the merger through an agreement in principle or memo of understanding. Then the NW and NA collaboratives will work in concert to develop an implementation plan to successfully launch a NW regional chapter of the North American SEM Collaborative.



Appendix

2021 Leadership Team Work Plan Objectives

2021 Work Plan Objectives

	Objective	Outcome	Owner	Target Date	2021 Status
1A.	Define the needed elements of the Business Plan	Develop Business Plan outline	LT Sub-committee	End of Q2	Utilized Business Model Canvas to define Business Plan elements.
1B.	Define strategy for self-sustaining organization	Develop funding options	LT Sub-committee	End of Q3 (in time for Fall Workshop & LT Retreat)	Outlined some assumptions for funding.
1C.	Understand value proposition of the NWSEMC	Undertake a SWOT analysis (based on 2.B.)	LT	End of Q3 (in time for Fall Workshop & LT Retreat)	Utilized Business Model Canvas to develop value proposition. Validated value proposition with Collaborative members at Fall Workshop. SWOT analysis conducted as part of Fall workshop Action Session.
2B.	Develop/understand NW SEM unique value relative to other organizations.	Develop summary of SEM organizations, structures, budgets, constituency (linked to to Objective 1.C.)	NEEA	Q1 2021	Conducted interviews and ecosystem analysis.



Business Model Canvas

The business model canvas (BMC) is a visual tool used to develop new business models and document existing ones. The canvas is divided into nine segments to describe an organization's value proposition, offerings, infrastructure, customers, and finances.

The outcome of the BMC tool was a refined understanding of the NW Collaborative customers and value proposition:

Customers:

NW Program Managers and NW Implementers

Value proposition:

The NW Collaborative supports a community of practice that captures the richness and history of SEM in the Pacific Northwest. The unique interconnectedness of the region through shared industries, shared economies, and common utility structures means SEM has thrived in the region. These commonalities and an established market allow for greater collaboration across the region, which the NW Collaborative leverages to provide the following to its customer segments:

The NW Collaborative provides NW Program Managers and NW Implementers with networking, resources, peer learning, best practices, professional development, business development, industry insights, workforce development, exposure to new ideas and tools, and a community of practice that help program managers and implementers solve problems and innovate SEM.

The subcommittee also used this tool to document the types of relationships the NW Collaborative has with members, including in-person interactions, virtual engagements, recurring, long-term relationships, and fostering an SEM community of practice in the NW. The ways the NW Collaborative develops and maintains relationships with the community is through the Fall Workshop, Working Groups, SEMHub and other industry events.

Finally, the BMC was used to brainstorm potential revenue streams. Because the NW Collaborative does not currently generate revenue from memberships or events, the subcommittee used the BMC to capture some potential revenue streams, including membership fees, subscriptions and paid sponsorships.

The outcome of the second session was a brainstorming list of customer relationships, channels, and revenue streams:

Customer Relationships

Customer relationships are the types of relationships your company establishes with specific customer segments. For program managers and implementers, the NW Collaborative has established the following types of relationships:

- In-person interaction
- Virtual interaction
- Self-service



- Recurring, repeat and long-term
- Empower/cultivate leadership
- Relational (Community of practice)

Channels

Channels describe how your company communicates with and reaches your customers to deliver your value proposition. The NW Collaborative reaches program managers and implementers through:

- Fall Workshop
- Working Groups
- SEMHub
- E-bulletins
- Industry events

Revenue Streams

Revenue streams are the ways a company generates cash from each customer segment. Currently, the NW Collaborative does not generate revenue from its membership. If the collaborative were to generate revenue, here are some of the ways the subcommittee brainstormed:

- Fall Workshop (one-time)
- Working Group participation (annual membership)
- Working Group outputs (one-time or subscription)
- Membership contacts (annual membership)
- Access to NW Collaborative and other collaborative research tools (annual membership)
- Mid-year presentations (free for members; non-members pay)
- Sponsored intern program
- Membership
- Contribution (in-kind)
- Job board (one-time or subscription)
- Best practices webinar (paid sponsorship)
- Database of best practices/resources (free for members? Non-members pay)



SWOT Analysis from 2021 Fall Workshop & Outcomes

With the outcomes of the BMC work above, the Subcommittee then took their assumptions to the NW Collaborative community to validate and test their assumptions. The LT engaged Debbie Driscoll of NEEA and Sara York of Cascade Energy (also the 2021 LT Chair) to co-facilitate an action session at the 2021 Fall Workshop. Over the course of two and half days, the action session focused on the value proposition, a SWOT analysis (strengths, weaknesses, opportunities, and threats), and recommendations.

From the SWOT, there were clear strengths the community identified: the regional depth of knowledge of SEM, opportunities for leadership with the NW Collaborative, and the annual workshop. The community also identified weaknesses including significant offering overlaps with NA Collaborative and CEE, lack of funding and general market confusion between NW and NA collaboratives.

The community named some opportunities unique to the NW Collaborative to support region-specific industries and regulatory environment. And it was clear the community saw an opportunity for the NW Collaborative to join forces with the NA Collaborative, and potentially serve as a model for regional chapters within the NA Collaborative.

Aligned with these opportunities the community saw the threats facing the NW Collaborative as the NW market not being large enough to support an independent NW Collaborative. Especially with nearly all SEM community members in the NW already participating in CEE and NA Collaborative. The NA Collaborative was seen as maturing quickly with significant value proposition overlap with the NW Collaborative.

The Fall Workshop Action Session resulted in several key takeaways:

- The primary customer segments of the NW Collaborative are program managers and implementers.
 - The value proposition for those customers is the networking, resources, peer learning, best practices, professional development, business development, industry insights, workforce development, exposure to new ideas and tools, and a community of practice that help program managers and implementers.
- The strengths of the NW Collaborative are the regional focus, annual fall workshop, working groups, ample leadership opportunities, and it being small enough to foster opportunities and influence.
- There is a clear opportunity for NW Collaborative to partner more directly with NA Collaborative. Participants expressed strong alignment on seeing overlap and benefit to collaboration with NA Collaborative.

Out of these takeaways, the action session participants recommended further exploration of three possibilities:

- Remain independent
- Work more closely with NA Collaborative
- Something in between



[Mural link](#)



Summary of SWOT Mural

<p>Strengths</p> <ul style="list-style-type: none"> Regional depth Annual workshop Many leadership opportunities Small enough to foster deep conversation and influence 	<p>Weaknesses</p> <ul style="list-style-type: none"> Many others in the space NA SEM Collaborative overlaps with all NW value propositions CEE also overlaps with value propositions (for utilities) No funding for research (all volunteer-led)
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<p>Opportunity Support region-specific industries Serve region specific regulatory environment Join forces with NA SEM Collaborative Set the template for other regional chapters of NA</p>	<p>Lack of funding</p> <p>Threats NW market not big enough to be independent Insufficient revenue base Nearly all players pay into CEE and NA NA is maturing quickly and eroding value of NW Market consolidation and loss of collaborative feel</p>
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Pros and Cons for Each Path

Once the Subcommittee decided to focus on options 1 and 2, they developed pros and cons for each path:

1A. Collaborative continues without funding (i.e., all efforts are volunteer based)

- Pros
 - Structure remains consistent and predictable
 - NW Collaborative maintains autonomy
 - Limited funding required
- Cons
 - Volunteer hours are significant
 - Competing with NA Collaborative, CEE, ACEEE and other professional organizations for community's time
 - Large burden on volunteers

1B. Regional membership model

- Pros
 - Structure remains consistent and predictable
 - NW Collaborative maintains autonomy
 - More independence to imagine new models of engagement and areas of focus
- Cons
 - Regional pool of members and funding may not be sufficient
 - Competes with NA Collaborative, CEE, ACEEE and other professional organizations for members' time and funding
 - Siloed approach may miss innovation in other regions
 - Lack of organizational infrastructure, i.e., finances, non-profit status, taxes, etc.
 - Based on current services and overhead (with current NW SEM community: \$4,600 annual Corporate Membership or \$600 individual)

2A. Partner with NA Collaborative

- Pros



- Cost sharing between NW and NA collaboratives
- Minimize duplication of effort between NW and NA collaboratives
- Broadens geographic impact and expands reach
- NA was created with NW in mind, so mission and structures are aligned
- Cons
 - Loss of regional independence
 - Unknown how long NA Collaborative funding will remain stable
 - Potential loss of NW members if they don't see value in NA Collaborative

2B. (End-use focused) Partner with DOE or EPA

- Pros
 - Potential for funding from partner org
 - Potential for cost sharing between Collaborative and partner organization
 - Potential for access to additional resources (e.g., website, filesharing, admin support) from a well-funded partner org
- Cons
 - Other organizations not as aligned NW Collaborative audience, value, etc.
 - Unknowns are much greater than with NA Collaborative
 - Loss of regional autonomy
 - Long lead times

Detailed Pros & Cons Table

Path	Pros	Cons
Independent 1A) Volunteer w/o stakeholder funding	<ul style="list-style-type: none"> • Organization structure remains consistent and predictable (status quo) • Maintains autonomy • Limited funding requirements - More independence to imagine new models of engagement, areas of focus - Focus can remain trained on the regional priorities and interests aligned with NW position as a leader in the space - Continued peer-peer sharing in the NW - More opportunities to participate - Members may have more flexibility (without constraints) 	<ul style="list-style-type: none"> • Volunteer hours are significant, and likely both understated and difficult to achieve • Some funding is required for Fall Workshop, etc. • Volunteer hours just for administration of NW Collaborative significant (2500 annual hours) • Competes with NASEMC, CEE, ACEEE and other professional orgs for member time. Likely to lose base volunteers • Silo approach may miss innovation in other regions - Larger burden on leadership to guide Collaborative (absent NEEA/NEEA funder direction)



<p>Independent 1B) Regional Membership Model</p>	<ul style="list-style-type: none"> • Organization remains consistent and predictable (status quo) • Depending on plan viability, may bid to acquire and manage some of the NEEA SEM Assets • Maintains autonomy • Minimizes organizational changes- <ul style="list-style-type: none"> - More independence to imagine new models of engagement, areas of focus - Focus can remain trained on the regional priorities and interests aligned with NW position as a leader in the space - Continued peer-peer sharing in the NW - NEEA funders have more direct influence 	<ul style="list-style-type: none"> • Funding and membership focus is regional. May be difficult to capture sufficient support from limited pool. • Competes with NASEMC, CEE, ACEEE, and other professional organizations (e.g. ASHRAE) for member time and funding • May not be able to gain management of NEEA Tools • PNW Market not big enough to fully capture value • Silo approach may miss innovation in other regions • Based on current services and overhead (with current membership: \$4,600 annual Corporate Membership or \$600 individual) - Organizational infrastructure, finance, non-profit status, taxes, etc.
<p>Partnership 2A) NASEMC focused (NASEMC overlaps all value props)</p>	<ul style="list-style-type: none"> • Cost sharing between Collaborative and partner organization • Potential funding to purchase NEEA assets (acquire and maintain) • Minimizes duplication of effort between NW and NA, expands reach of those engaged • Broadens potential geographic impact <ul style="list-style-type: none"> - NA was created with NW partnership in mind so missions and structures are well aligned. - Several active NA members and LT are from the NW so growing NW voice and input - Can negotiate agreeable level of partnership/independence 	<ul style="list-style-type: none"> • Loss of regional independence and leadership role in SEM (ego?) • Unknown membership fees and costs.(?) -- will they be similar to \$4,600 annual Corporate Membership or \$600 individual) and how would that affect regional participation? • Unknown how long NASEMC funding will remain stable - what happens if funding not available for NW Collaborative) • NASEMC transition plan --- when do they need to be independent? • Potential to lose NW members as they see less value in NASEMC and collaboration outside the regional



<p>Partnership 2B) Non-NASEMC Focused</p>	<ul style="list-style-type: none"> • Potential for funding from partner org - Potential for cost sharing between Collaborative and partner organization - Potential for access to additional resources (e.g., website, filesharing, admin support) from a well-funded partner org 	<ul style="list-style-type: none"> • Unknowns are much greater than with NW Collaborative - Other orgs audiences are slightly or greatly unaligned with NW Collaborative. Could lead to conflict or shift in NW Collaborative audience and delivery - Potential loss of independent leadership - Potential for long lead time to work out partnership agreements - Potential reduction in autonomy - Potential for partner org to open up to national membership and could lose NW focus
<p>New Audience 3): Add End-Users (This was identified as an add-on offering for both Independent and Partnership options.)</p>		<p>Ultimately the Subcommittee decided not to include option three. While it could provide long-term benefits to the region, the NW Collaborative is not primarily focused on end-use customers. Pivoting to end-use customers would drastically alter the existing Collaborative. Developing a new end-use customer segment would require additional resources to create materials, understand the value proposition, lead outreach, etc. The Subcommittee felt option 3 would overcomplicate the path forward and detract from the goal at hand, to develop a plan for a self-sustaining collaborative</p>