

# Alumni Program Benchmarking Report

DECEMBER 2016

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## Introduction

The *2016 Alumni Program Benchmarking Report* represents three years' worth of surveying and analyzing Alumni Programs managed by leading organizations around the globe. Clearly some sectors, like professional services, have utilized Alumni Programs for years to maintain lifelong relationships with their former employees and generate mutual value-creating opportunities. More recently, companies across a wider spectrum of industries have launched Alumni Programs including non-profits, energy, consumer products and retail. Some newcomers have spanned from the traditional white-collar professional communities to blue-collar workers. This year more than ever, we have seen an uptick in organizations investigating and taking the steps necessary to establish a formal Alumni Program or offer some initial component of it, such as a periodic newsletter, online directory, or a boomerang retiree program. Evidence of this trend can be found from the expanded media coverage to the significant increase in the number of this year's survey respondents, especially among new Alumni Programs.

Four macro-trends seem to be at work to cause this boost in interest: (1) the transition of Baby Boomers (29% of the workforce) to retirement over the next decade, (2) the emergence of the Millennials as the largest component of the workforce and their interest in leveraging technology to stay connected, (3) the increased mobility and decreasing tenure of the workforce, and (4) the proliferation of social media as a publishing and broadcast medium. These shifts are causing the most dramatic change to our workforce since the 1940s.

Whether you're looking for insights to enhance your existing Alumni Program or exploring whether to launch a new program in 2017, we hope this year's Report provides information to help your organization capitalize on the value of alumni as we move into an increasingly mobilized and interconnected world.

## Key Takeaways

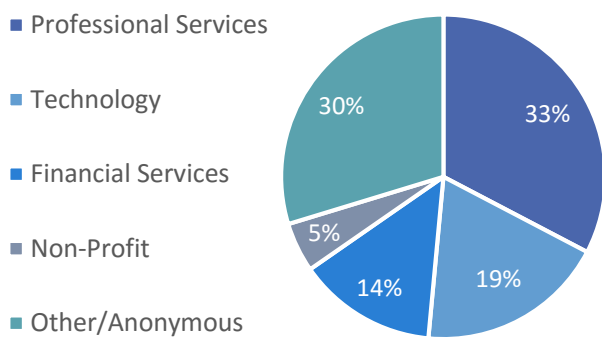
- There has been a large increase in new Alumni Programs, with programs started 2 years ago or less making up 47% of a significantly larger survey population in 2016
- Most Alumni Directors have key business drivers for their programs but don't track and measure the ROI; they need more effective tools.
- Brand advocacy remains the key business driver for 88% of the Alumni Programs; talent acquisition comes in 2<sup>nd</sup> with 66% but has decreased from 90% in the past 3 years.
- For many programs, alumni engagement remains the primary focus (61% use it to measure ROI) and top challenge (64% cite in their top 3).
- Most Alumni Programs subsist on one FTE or less and an incremental budget of less than \$75,000/year; 22% of the programs want more resources to improve alumni engagement.

## Survey Demographics & Participation

Our 2016 survey was completed in November by over 40 organizations responding to 22 questions about their Alumni Programs. The number of survey respondents increased by 72% from 2015, indicating a growing interest in organizations dedicating resources and committing to formal Alumni Programs. They reflect a broad range of diversity across geographies, industries and company size.

**Geography.** Our respondents represent Alumni Programs in North America, Europe and the Asia Pacific. From 2014 to 2016, there has been a geographic shift, in that 78% of our respondents operated global Alumni Programs in 2014, compared to only 60% in 2016. North American companies are the leaders in recognizing the strategic value of their alumni; however, this often reflects a phased rollout with new alumni programs as they first launch and then expand globally rather than a nationalistic focus.

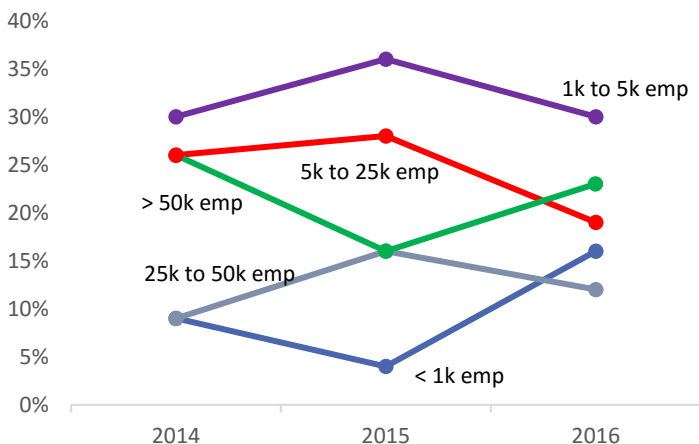
**Figure 1: Industries**



**Industries.** Even with noteworthy growth in respondents and new programs, Professional Services (33%), Technology (19%) and Financial Services (14%) continue to lead adoption of Corporate Alumni Programs (see Figure 1).

**Company size.** Our respondents represent organizations ranging from less than 1,000 employees to over 100,000. However, the number of small (<1,000 employees) and large (>50,000 employees) organizations with Alumni Programs showed the largest increase from 2015 to 2016, with small organizations increasing from 4% to 16% and large organizations increasing from 16% to 23% for a 40% combined representation of the respondents (see Figure 2).

**Figure 2: Company Size - Three Year Trend**

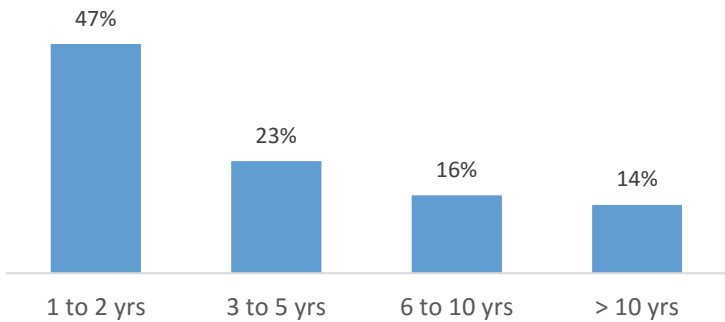


This is the third year of our Benchmarking Study and throughout that time we have observed some notable trends relating to the size and growth, methodology, and key business drivers behind leading Alumni Programs.

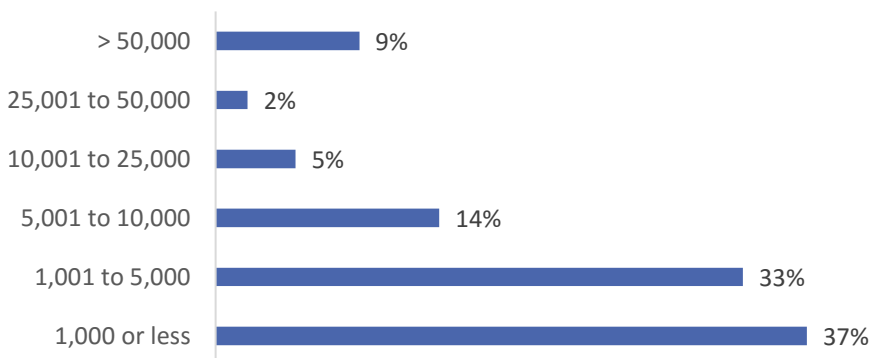
## Alumni Program Age, Size & Growth

This year saw a substantial increase in the number of new Alumni Programs compared to prior years, with programs that were started 2 years ago or less making up 47% of the survey sample versus 20% and 13% for 2015 and 2014 respectively.

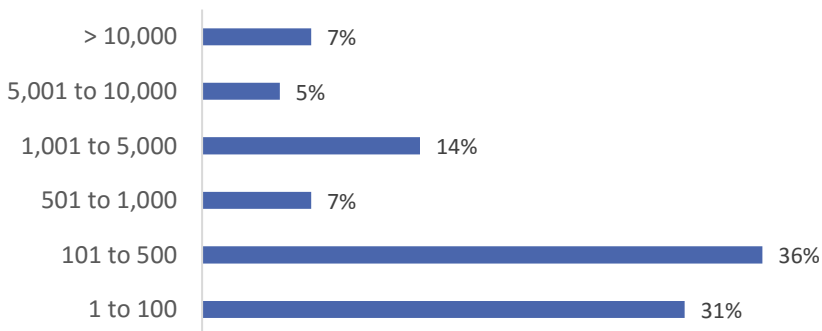
**Figure 3: Age of Alumni Program**



**Figure 4: Total number of registered alumni**



**Figure 5: Average number of new alumni joiners each year**

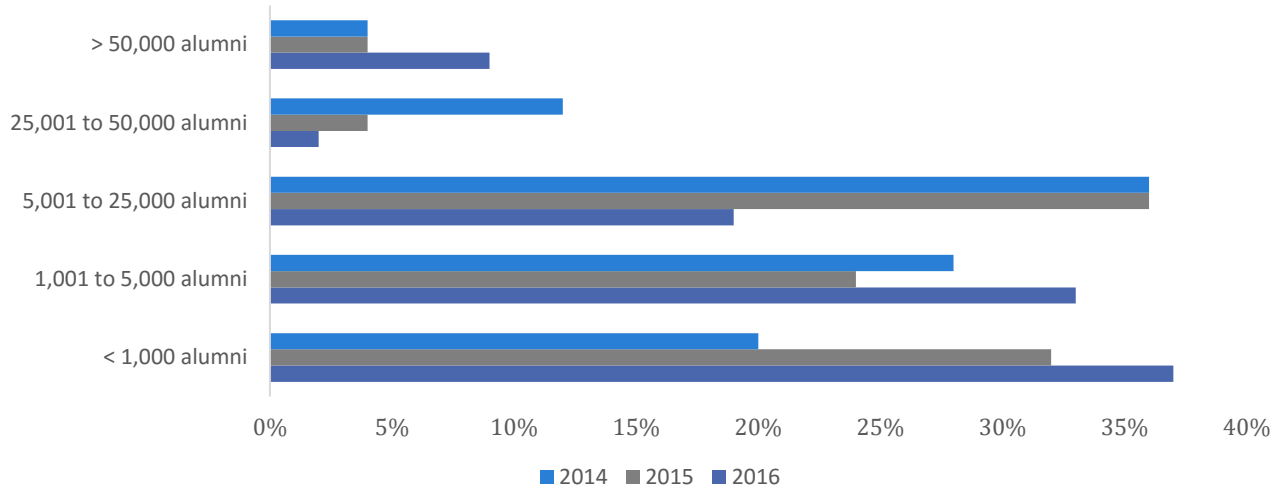


Our benchmarking data clearly shows an increased interest in launching new Alumni Programs. But why? Employers want to maintain a long-term relationship with ex-employees because they are staying with their company for a shorter time (median employee tenure is decreasing, led by the Millennial generation from 4.6 years in 2014 to 4.2 years in 2016<sup>1</sup>) and alumni have a more influential voice with respect to a company's brand given the emergence of social media.

There is an obvious correlation between the current size of an Alumni Program and the average number of new alumni joining each year. As Figures 4 and 5 illustrate, 70% of the Alumni Programs have 5,000 or fewer registered members and 67% have 500 or less new alumni joining each year on average; whereas, the larger Alumni Programs have significantly more new joiners.

Like the increase in small organizations participating this year, there was a corresponding increase in the number of smaller Alumni Programs (< 1,000 alumni) jumping 5% this year on top of a 12% jump from the prior year and showing the most consistent growth over the three-year period. This shift to smaller organizations leveraging the benefits of Alumni Programs appears to debunk the commonly held belief that Alumni Programs are only relevant and beneficial to large companies and their alumni. Large Alumni Programs (> 50,000 alumni) also saw a 5% jump, but these large alumni communities remain at 9% of the survey sample.

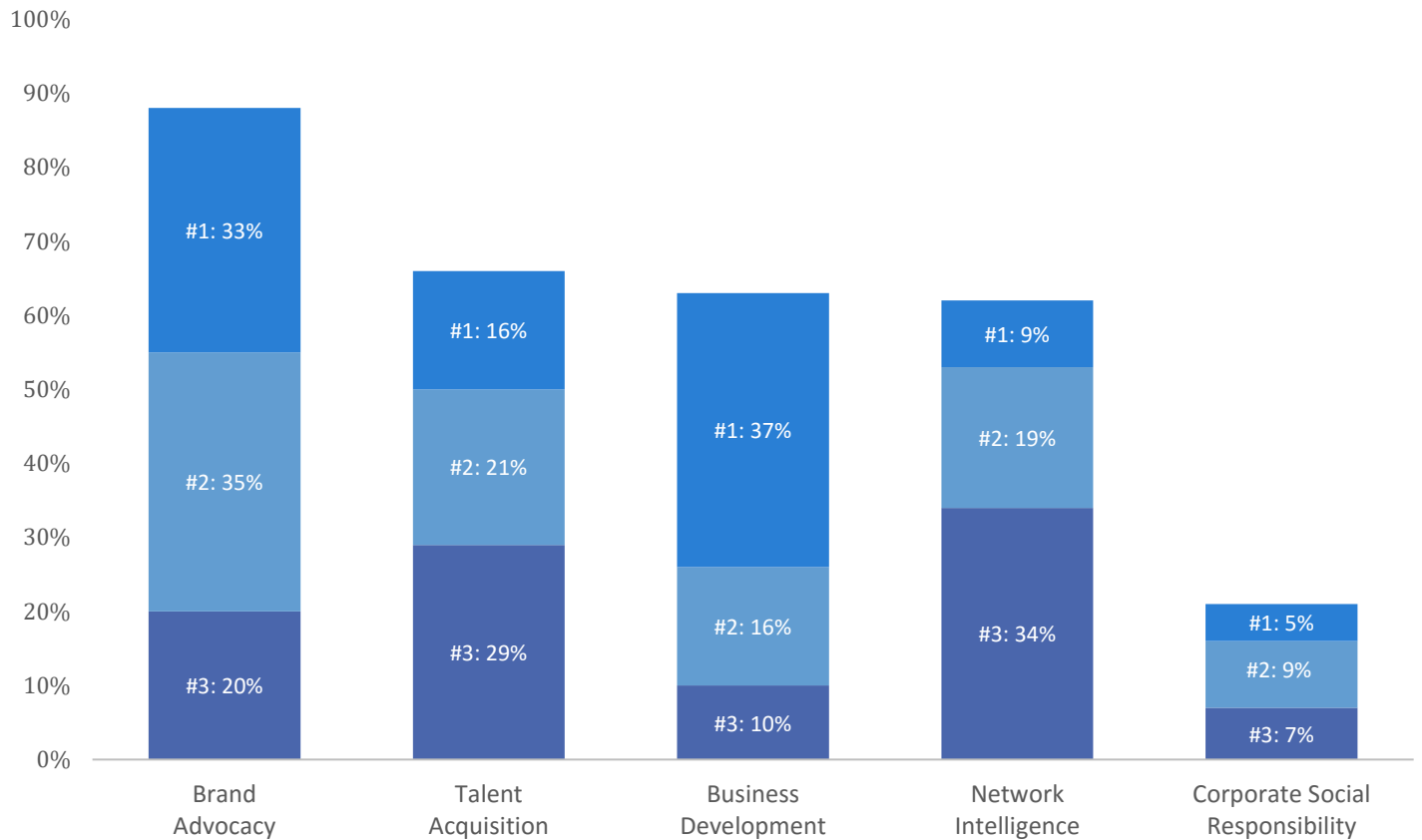
**Figure 6: Size of Alumni Program - Three Year Trend**



## Alumni Program Business Drivers

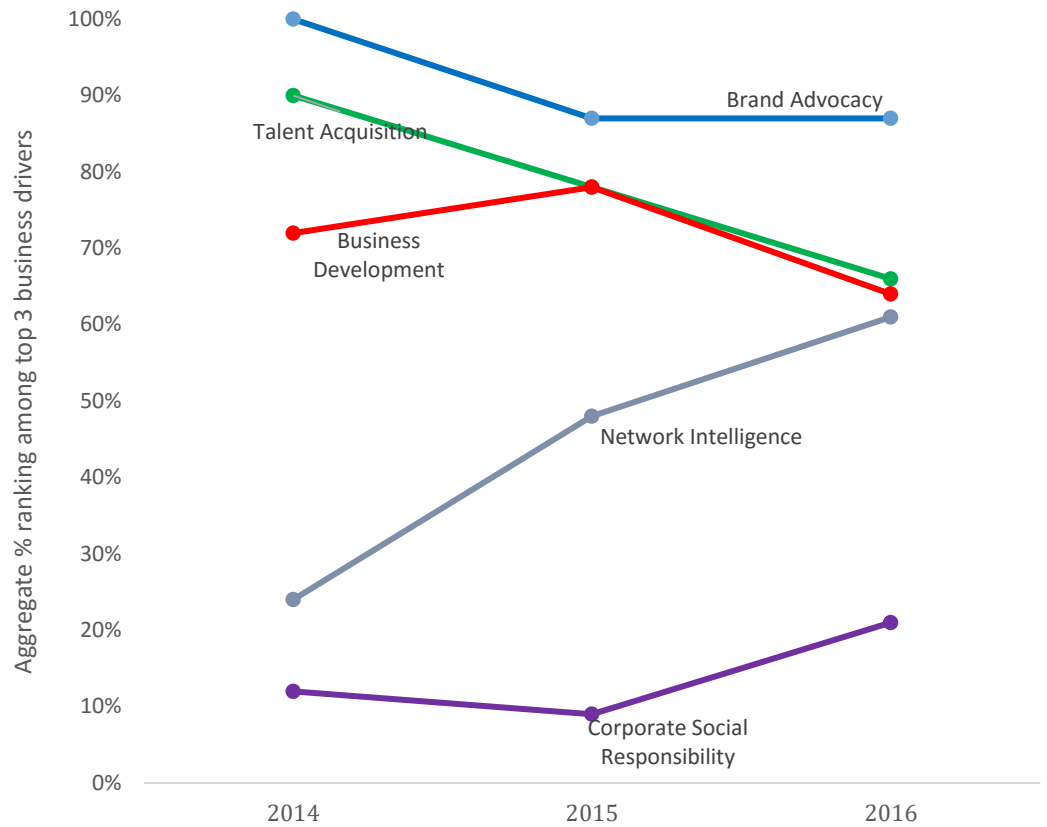
Alumni Programs are created for a variety of reasons, however, we asked our respondents to rank the top three business drivers behind their programs in order of importance. Alumni Program leaders identified brand advocacy, talent acquisition and business development as the most critical. These results are consistent with the trends seen in our 2014 and 2015 Benchmarking Reports. When we founded Conenza a decade ago, talent acquisition was the primary value proposition for Alumni Programs. Today, respondents gave brand advocacy the top ranking with 87% rating it as one of their top 3 business drivers, 33% as #1, 35% as #2, and 20% as #3 (see Figure 7). Given that an alumni base can be as large, or in some cases many times larger, as the current employee base, it is no wonder that leadership teams want to engage their company’s alumni as brand advocates through an Alumni Program.

Figure 7: Top Three Ranked Business Drivers



These top business drivers generally occur in combination with one or more of the others depending on the sector and the business' needs. Determining the primary purpose of the Alumni Program, as well as the key business drivers and related success metrics appropriate for a given company is critical to the success of the any Alumni Program. We will examine these success metrics later in this report.

Figure 8 shows the change in the aggregate ranking of business drivers by respondents over the period from 2014 to 2016. These three-year trendlines indicate a marked drop in the importance of talent acquisition among Alumni Programs, with a corresponding increase in the significance of network intelligence due to the growth of LinkedIn, Facebook, Twitter and other social media sites.



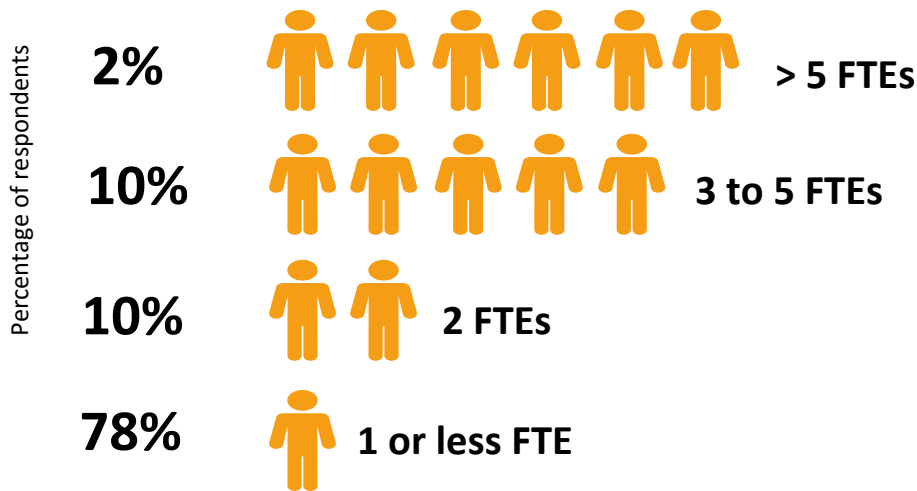
**Figure 8: Aggregate Ranking of Business Drivers Three Year Trend**

## Team & Resources

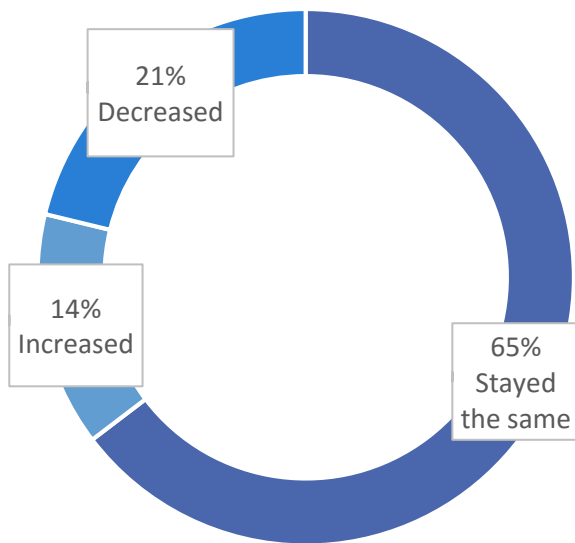
An integral part of the success of any Alumni Program is the organizational resources behind it. With that in mind, we asked respondents about the types of support they had specifically allocated for their Alumni Program, including headcount and budget. Most companies (78%) had one or less full-time employee managing their Alumni Program (see Figure 9); this compares with 79% in 2015. Since this represents such a large percentage of the Alumni Programs, we decided to dig in further. We discovered that 12% of the respondents do not have anyone assigned to manage their Alumni Program, 33% have someone spending about half of their time and another third have a one full-time employee dedicated to engaging alumni. Based on our experience over the past 10 years, the best and most successful Alumni Programs have at least one full-time employee strategically focused and committed to the alumni initiative.



Figure 9: Current Size of Team (FTEs)



As an Alumni Program grows and matures, managers are often able to secure additional FTEs to support the community, but only if they can deliver real value to the organization and its alumni. Global programs often have additional resources allocated to ensure alumni feel connected and engaged no matter where they reside.



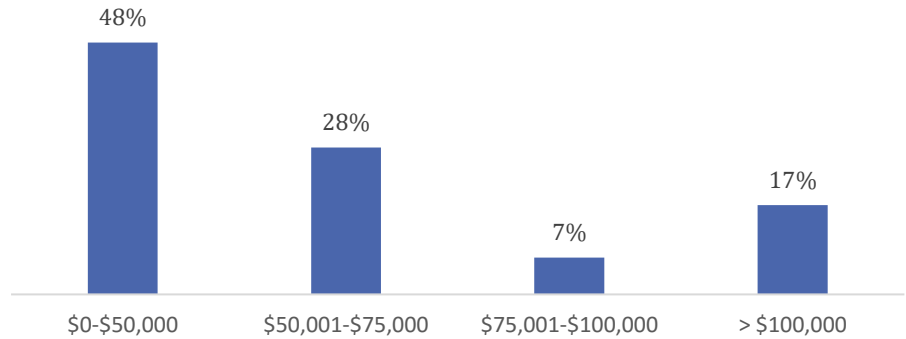
Over the past three years, 65% of our respondents have consistently reported their Alumni Program budgets remained the same. However, this year 21% of the Alumni Directors experienced budget cuts compared to only 13% in the prior two years, forcing them to be more creative and find cost-effective ways to engage and provide value to their alumni members. In 2016, 76% of the Alumni

*Programs with incremental budgets more than \$100,000 have decreased from 50% in 2014 to 17% in 2016*

Programs have an incremental budget (excluding FTEs) of \$75,000 or less (see Figure 11), a significantly higher percentage than the past two years. This makes sense given the large influx of new programs responding to the survey. Many successful alumni communities take a more leveraged approach with lower cost benefits, such as inviting alumni to existing corporate events as special guests, and extending non-financial benefits, such as thought leadership pieces and career development webinars, to their alumni.

A potential challenge to securing Alumni Program funding often stems from executives not seeing the value in the program. The importance of finding relevant success metrics to measure and track return on investment (ROI) cannot be overstated in proving value to the leadership team.

**Figure 11: 2016 Incremental Budget (excludes FTEs)**



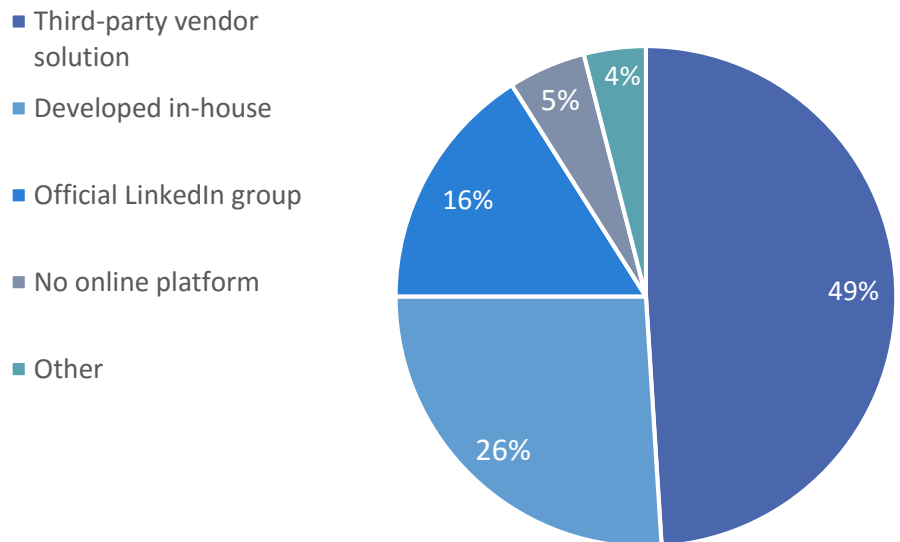
## Alumni Program Online Platforms

The use of technology to support Alumni Programs varies considerably, ranging from an internal database of alumni information for sending periodic communications, to a cloud-based online platform that assists with data management and promotes various levels of alumni engagement. Of those we surveyed, 49% of our respondents leverage a third-party alumni management software solution, and 26% have built their own (see Figure 12).

While most programs utilize a LinkedIn group to supplement their online activities, 16% use an official LinkedIn Group as the online solution to manage their alumni community. As noted in the 2015 Benchmarking Report, these LinkedIn Groups are often part of grassroots efforts led by alumni, as opposed to an official Alumni Program sponsored by the company.

Respondents who selected Other in regards to platform type indicated they used a variety of social media channels, such as Facebook, Twitter, LinkedIn, Instagram and YouTube, as their primary way to stay connected and engaged with their organization’s alumni.

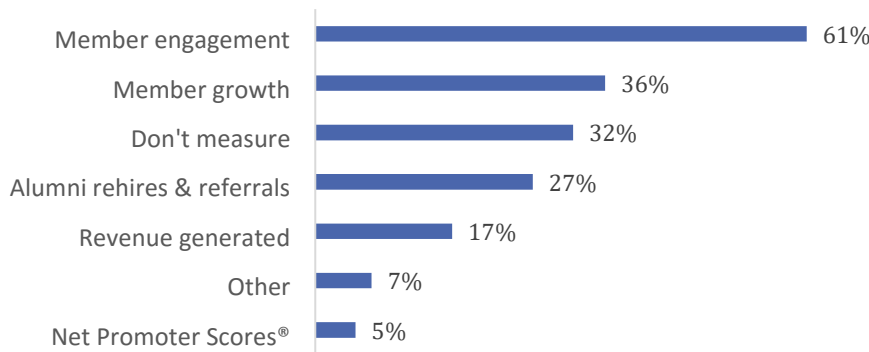
**Figure 12: Usage of Online Platforms for Alumni Programs**



## Alumni Engagement and Success Metrics

As with any strategic initiative, proving the success of sustaining an Alumni Program over the long-term requires clearly defined goals and related success metrics that can be tracked over time. Even with a mature program, Alumni Directors can still have difficulty deciding what and how to measure the ROI.

**Figure 13: Methods for Quantifying Alumni Program ROI**

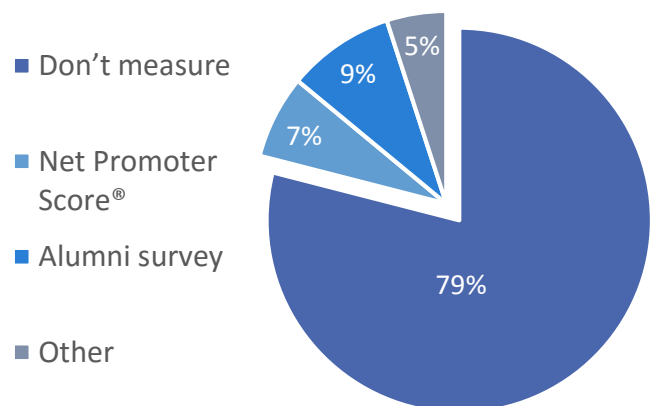


We asked respondents to select all means they use to measure ROI. Tracking member growth and engagement within their Alumni Program are the most common methods used (36% and 61% respectively) and two of the easiest to quantify. However, since neither of these metrics

delivers measurable value to the organization, it begs the question as to whether these should be the primary means of measuring ROI, and could explain why some Alumni Directors struggle to justify sufficient resources for their programs.

Ranked as the top business driver for Alumni Programs in 2014, 2015 and 2016, brand advocacy should be a key success metric used to support these programs. However, 79% of respondents do not measure brand advocacy as part of their Alumni Program (see Figure 14). *Net Promoter Score*® and alumni surveys are used by 7% and 9% of the respondents respectively as an effective means for measuring alumni brand loyalty.

**Figure 14: Measuring Brand Advocacy**

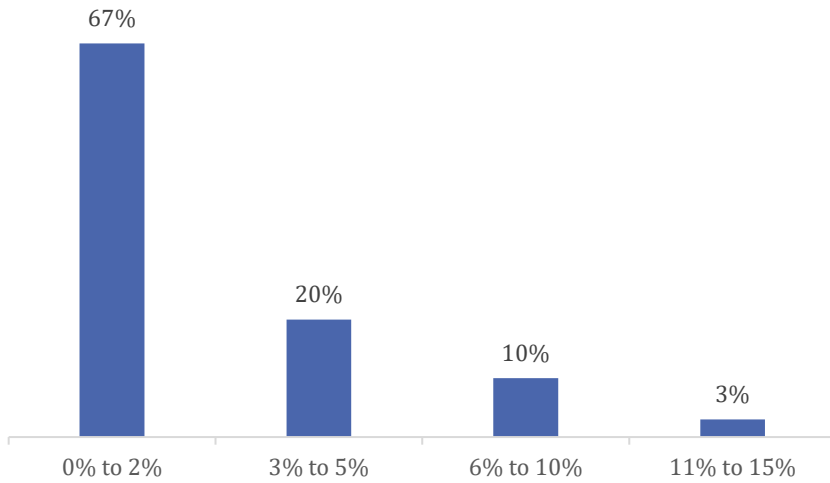


*Value-creating metrics, such as brand advocacy, alumni rehires & referrals, and revenue generation should be used more frequently and effectively to support Alumni Programs.*

As mentioned earlier, despite Talent Acquisition being a top three business driver for two-thirds of Alumni Programs surveyed, 67% stated that alumni rehires and referrals accounted for 2% or less of their new hires (see Figure 15). On the other end of the spectrum, 3% of the Alumni Programs are getting 11% to 15% of their new

hires from “boomerangs” or referrals. It’s not clear without further research whether this large discrepancy is a result of insufficient data, under-managed programs or a combination of both. However, our experience in working with Alumni Programs supports the conclusion that a well-designed alumni talent acquisition plan should generate 8% to 15% of a company’s new hires each year, resulting in considerable savings in recruiting and ramp-up time.

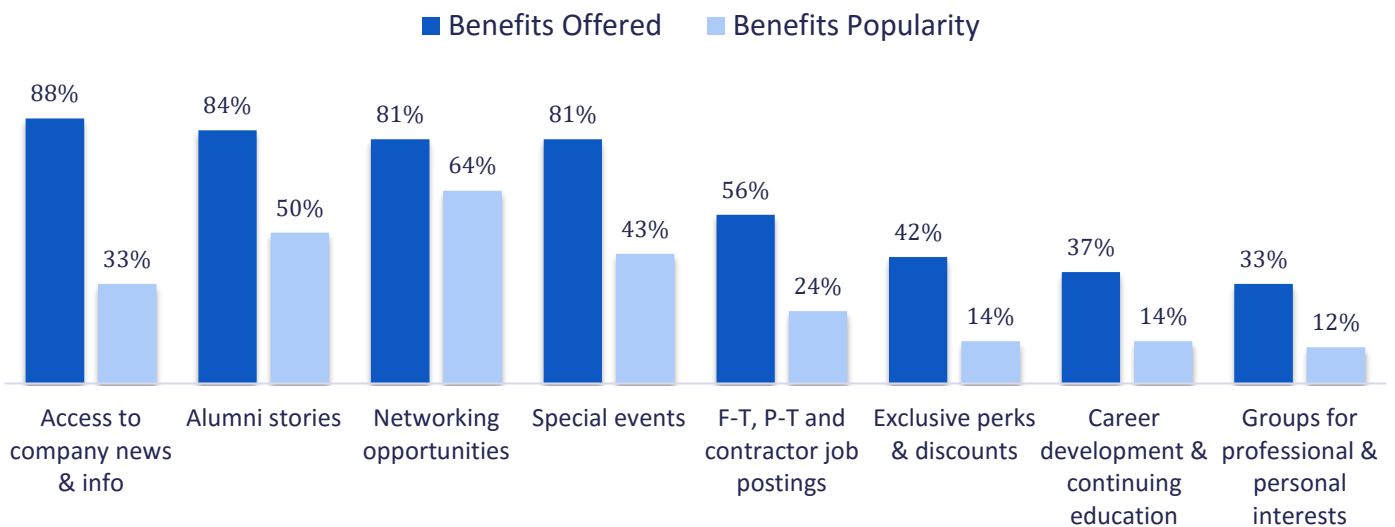
**Figure 15: New Hires from Alumni Rehires & Referrals**



## Alumni Benefits

As part of our survey, we first asked respondents what types of benefits they offered as part of their Alumni Program, followed by which were the most popular (see Figure 16). Most Alumni Programs have a diverse group of individuals making up their community so providing a menu of offerings to address different interests is the best approach.

**Figure 16: Comparison of Benefits Offered & Popularity**



The following is a review of the most popular benefits in order of ranking.

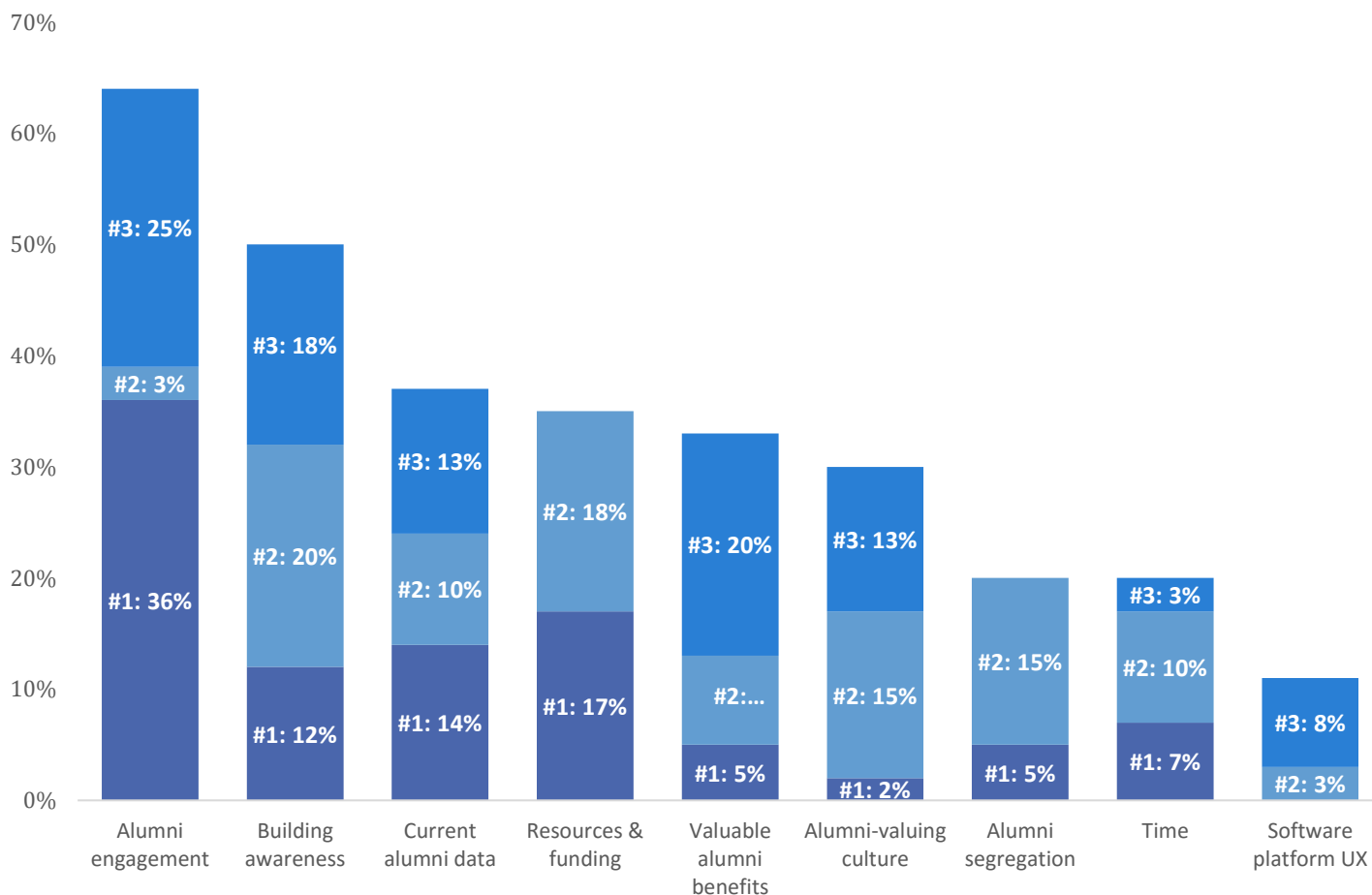
- **Networking opportunities (64%)** – This benefit rose 19% in popularity from 2015, and that trend is anticipated to continue. The ability to network with fellow alumni is crucial to the strategy and success of any Alumni Program. Helping people of varying interests and backgrounds come together in an inclusive environment bodes well not only for the alumni who benefit from making new connections and fostering old; but the company as well since this directly contributes to positive brand advocacy.
- **Alumni stories (50%)** – Alumni are very interested in what their fellow peers are doing in their lives post-working together. Many Alumni Programs opt for a Q&A style Spotlight section, or more fully fleshed-out interviews that highlight the ways the organization played a pivotal role in an individual’s career.
- **Special events (43%)** – Events are a great way for organizations to extend their appreciation to alumni and invite them to connect in person. Alumni Programs may elect to open existing corporate events to alumni, or create events specifically tailored to alumni. Both offer unique opportunities to interact with alumni face-to-face and forge real connections.
- **Access to company news & information (33%)** – Programs find value in keeping alumni connected to the current happenings at their organization, as well as helpful contact info such as HR contacts, Benefits information, etc.
- **Job postings (24%)** – Make it easy for eligible alumni to return to the company in full-time, part-time or contractor roles. A recent New York Times article entitled [Boomerang Boom: Firms Tapping Skills of the Recently Retired](#) discussed this emerging trend among companies in the blue-collar and white-collar sectors. Some companies also allow partners and customers to post job opportunities in their Alumni Program, helping to strategically place alumni with key relationships.
- **Career development & continuing education services (14%)** – Provides a great way to deliver value and engage alumni without large incremental costs. Offering this type of benefit illustrates the organization’s commitment to helping alumni succeed even after they’ve left their company.
- **Exclusive perks & discounts (14%)** – Extending any employee incentive, financial or non-financial, to alumni can provide a valuable benefit. Some popular Alumni Program benefits include corporate discount codes, health and fitness related offerings, and movie tickets or discounts on company products.

## Main Challenges for Alumni Programs

Consistent with our previous Benchmarking Reports, we asked respondents to list their top three challenges from the past year, ranked in order of importance (see Figure 17). Alumni engagement continues as the most difficult challenge with 64% of respondents ranking it among their top three, followed by building program awareness and keeping alumni profile data up to date.

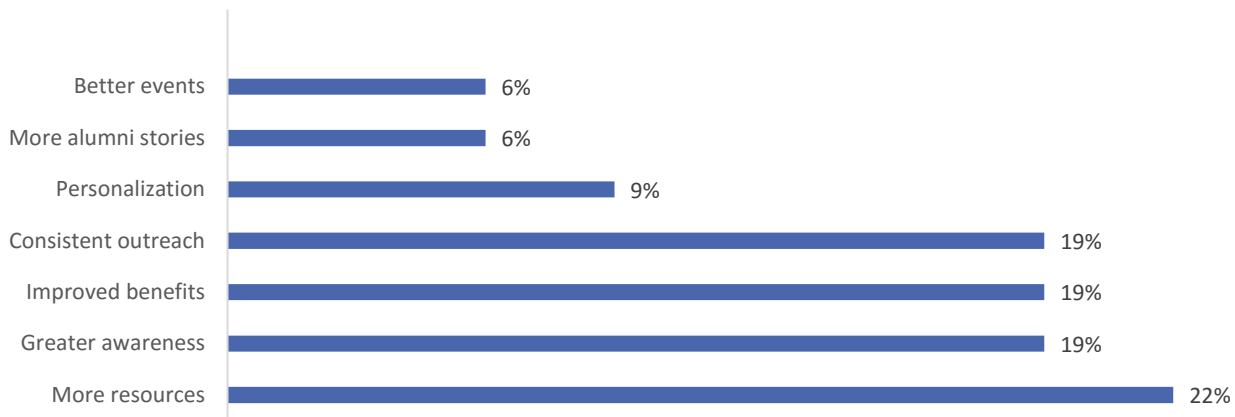
We believe the emphasis on alumni engagement is important and every Alumni Program should have an engagement strategy and plan for their members. However, delivering real value to the company and its alumni and having appropriate success metrics in place to track execution over time should be priority number one. Alumni Programs that can directly provide quantitative and qualitative value to the company will greatly mitigate funding challenges. Segmenting alumni and delivering value to them based on their unique interests will drive engagement.

Figure 17: Top Three Challenges Ranked



Knowing alumni engagement is a top concern of Program Managers, we asked what they would do to better engage with their alumni. While obtaining more resources for the program received the most votes among respondents, the main themes were increasing value, touchpoints and personalization with alumni. A key component to this is creating awareness around the Alumni Program and its benefits before employees leave the company. Reinforce these messages by integrating the Alumni Program in the exit process and make it seamless for them to join.

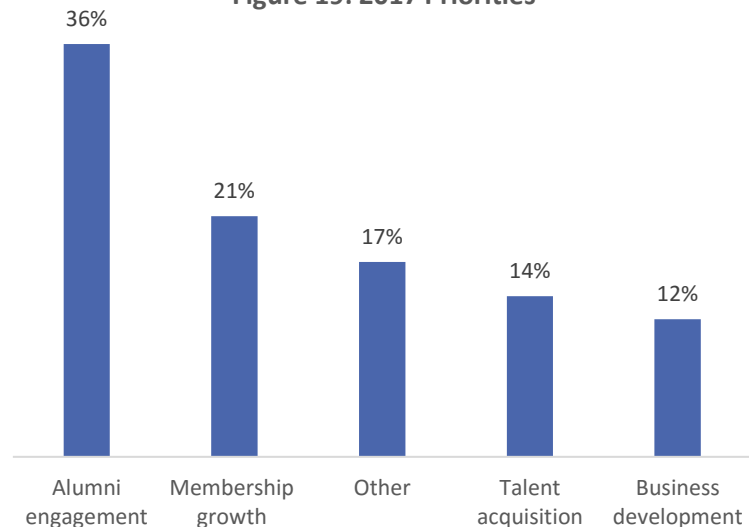
**Figure 18: How to Improve Alumni Engagement**



## Alumni Program Goals for 2017

We asked all participants to elaborate more on their goals for the upcoming year. The individual responses varied, but clear trends emerged, including the continual desire to better communicate, engage and understand the needs of alumni and the value they can provide. Other major initiatives for 2017 included driving membership, bringing back high-performers and building business development pipelines. Virtually all responses illustrated the overarching business driver of

**Figure 19: 2017 Priorities**



brand advocacy through increasing engagement, whether virtually or through in-person opportunities with alumni. One responder aims to do that through building an ensemble of alumni ambassadors within the organization who can carry out alumni activities globally.

## Conclusion

Alumni Programs offer tremendous value to organizations, including influential brand advocates, lucrative business development opportunities and ready-made talent pools. As a result, over the last three years we have seen an increase in the number of organizations small and large, from a variety of geographies and sectors, responding to our benchmarking survey to share their experience. We are grateful for their willingness to participate. One of the biggest challenges Alumni Directors face in launching or sustaining an alumni community is getting executive sponsorship and approval for the necessary resources. By focusing on a few well-aligned key goals that deliver value to the company and its alumni, and then tracking success metrics to make sure these goals are realized, they will have a more receptive audience when approaching the leadership team for support.

**If you would like more information on this Report or would like to provide feedback for future reports, please contact us at [info@conenza.com](mailto:info@conenza.com).**