

To: Spray, Craig[CSpray@nrahq.org]
From: Murray Drechsler
Sent: 2019-06-14T01:31:36Z
Importance: Normal
Subject: MMP Group Explanation of Fee Increases from Dec 2011 to November 2018
Received: 2019-06-14T01:30:09Z
[MMP Group Retainer Increases.11-19-18\(2\).docx](#)

Craig:

Attached please find a document that explains in detail the increase in our fees from the start in December 2011 to the current fees now.

I believe it was sent to Woody or legal.

I have about 10 other schedules and write ups, which I will send you tomorrow after I put them in order.

Thanks

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Index No. 451625/2020 (JMC)

**MMP Group Services to NRA
Increase in Services and Billing
December 2011 to November 2018**

Growth of Responsibilities in Key Areas:

- MMP entities now manage all digital marketing for NRA membership. This includes all aspects of marketing through Google, YouTube, Facebook and smaller platforms. The digital asset we've built has produced over 350,000 new members and nearly \$15,000,000 net dollars in 2018.
- All promotions now include mailings, multiple email follow-ups, web pages, SEO for web pages, A/B testing for web pages, advanced user interface design, digital advertising support for some packages, and more involved tracking and analytics. This includes all of the membership promotions, plus up to 18 campaigns per year for both ILA and PVF. None of this was in place in 2011.
- We have significantly expanded our membership acquisition efforts. Our mail volume has grown to an estimated 33,000,000 pieces in 2018 from approximately 22,000,000 pieces in 2011. We have expanded email acquisition efforts. We are implementing multi-step lead generation efforts aimed at harder-to-sell audiences. This is in addition to the digital efforts described above.
- We are now managing NRA's primary Facebook page which we've grown to 4,000,000 from 260,000 followers. The page is generating net dollars and providing an important source of new names to mine for membership.
- In 2012, we launched marketing efforts for NRA Office of Advancement's planned giving program. This has included peer-to-peer letters, crafting the planned giving guide, inserting the guide in magazines, creating ads for the magazines, drafting follow-up appeals, etc.
- We agreed to manage NRA's email list. Because of overuse, the asset had become worthless with the exception of approximately 200,000 names. To restore the asset's health, we have restricted the use of the list and renewing member names, are developing strategies to activate non-engaged email names, implementing a more rigorous analytical framework, and hiring staff to support this effort.
- In 2017, we implemented Salesforce's marketing cloud and email platform. We have tested and migrated renewal emails to this platform and have produced significant increases in response rates. We are now migrating onboarding to the platform and

are testing promotions for FONRA. We are in discussions to assist the NRAStore with their promotions and to migrate all NRA emails to this platform in 2019.

- As part of our digital team’s efforts, we spend extensive time cultivating our representatives at Google and Facebook. The investment we’ve made here helps us in several areas: content approval, shutting down competing entities that use the NRA trademark, inoculating against censorship by the two platforms (we’ve been banned from the Yahoo platform), and implementing best practices.
- We are active in the following areas: Managing the membership division and associated operations, developing creative and web support for the affinity programs, providing magazine editorial copy for ILA and membership, designing a fundraising program for NRATV, assisting Office of Advancement with strategy and creative development, reviewing GO programs, and strategic planning for NRA.
- We provide fundraising services for the Whittington Center. We are now generating between \$500,000 and \$750,000 net dollars per year. Although it’s not part of our contract with NRA, we were asked to take it on by NRA board members. Servicing this account takes resources and provides financial benefit to the entire operation.

Hiring and Real Estate

- Since 2011, we have hired three writers, two user interface designers, two designers, and seven digital team members. This has grown our staff to 24 from 14 employees. Payroll has increased by 140%.
- Due to the increase in demands NRA has placed on MMP and subsequent staff growth, we rented additional space on the 5th floor of the NRA building. We subsequently moved the digital team to office space in Old Town, Alexandria so we could tap the younger digital talent pool in D.C. and be closer to the Google and Facebook communities on Capitol Hill.
- Last year, we expanded our space on the third floor of the NRA building and signed a seven-year lease.
- Our hiring plans for the coming year include hiring an email manager and analytics team, which will be focused on rebuilding the email list asset, expanding our digital footprint, and growing our social presence.

Retainer and Contract History

Base retainer for three entities on December 1, 2011:	\$575,000
Base retainer for three entities on November 1, 2018:	\$1,424,850
Monthly retainer increase over seven years:	\$849,850
Average per-year increase over seven years:	14%

Membership count on MMP founding date, August 2011: 3,722,284
Membership count as of November 2018: 5,282,776

- When MMP was established in August 2011, we reduced our fees by approximately \$1,500,000 per year from the previous ownership. The primary reason was to remove incentive-based compensation, which included a \$.05 for every letter mailed and a percentage fee for money raised for ILA and PVF. This also allowed for easier registration of Allegiance.
- The fee structure across three entities was designed to present a low retainer for the entity that is registered with the states, Allegiance Creative Group. It was agreed that retainer increases would be distributed across the entities. The EVP and Treasurer were aware of and supported this strategy.
- Also, our initial registration strategy was to line up with NRA's strategy as closely as possible, e.g., register with the states only for membership acquisition and fundraising to non-members. It's worth noting that MMP's predecessor agency was not registered with the states and NRA did not require it to be registered. It's also worth noting that NRA itself claimed an exemption from registration because it was a "membership" organization.
- All fee increases were negotiated with the ownership of the MMP entities and approved by NRA's Executive Vice President and Treasurer. The increases were effective on the dates in the table below. No contract addenda were requested from the NRA Treasurer's office.
- Our work for NRA-ILA and NRA-PVF are included in the fees. Our understanding is that both entities reimburse NRA for the work. No other entities for which we do work – the Office of the EVP and Office of Advancement, specifically – do not reimburse NRA for the work we do.

Retainer Escalations and Contributing Factors:

The following is the billing history, by entity followed by an explanation of contributing factors to each increase. The billing increases follow a pattern where we are either asked to take on more work by NRA management or we make investments to take advantage of changing market conditions; e.g., building a digital membership operation.

Retainer increase requests typically follow a period where we test a market, make the hiring and other investments necessary to sustain the gains, then request retainer increases. This has been our pattern since 2011 when we started improving and growing NRA's business through the efforts outlined in the first section of this document. The retainer increases were usually divided between the MMP and Concord entities.

Membership Marketing Partners, LLC

	12/2011 - 11/2012	400,000
1	12/2012-7/2014	500,000
2	8/2014-5/2015	575,000
3	6/2015-8/2015	645,000
4	9/2015-12/2015	704,850
5	1/2016-8/2016	804,850
6	9/2016-7/2017	954,850
7	8/2017-2/2018	961,850

Allegiance Creative Group, LLC

	12/2011 - 8/2016	40,000
1	9/2016-6/2017	50,000
2	7/2017	65,000
3	8/2017-1/2018	85,000
4	2/2018	90,000

**Concord Social and Public Relations,
LLC**

	12/2011-12/2012	135,000
1	1/2013-5/2014	185,000
2	6/2014	205,000
3	7/2014-5/2015	230,000
4	6/2015-8/2016	260,000
5	9/2016-6/2017	300,000
6	7/2017	320,000
7	8/2017-1/2018	340,000
8	2/2018	373,000

MMP Billing Increases:

- December 2012 was the first major expansion of our digital efforts during the post Newtown membership surge period where NRA recruited nearly one million new members. We hired the first members of our digital team during this period. We also made investments in our ability to build, optimize and test web pages.
- August 2014 followed 2013, where we broke all membership and membership fundraising records. This billing increase was compensation for the work and hiring investments we made to achieve these records. The increases also helped us recapture

some of the investment we'd made in the planned giving program over the previous two years.

3. The June 2015 increase was compensation for the work we had done for ILA and PVF which, as mentioned above, had more than doubled since 2011. The work included strategic planning, emails, web pages, magazine articles, and speech assistance for Chris Cox at the annual meeting.

4. September 2015 was largely for hiring of several staff members including two User Interface Designers and two graphics designers, and hardware and software upgrades for these staff members. We also added two digital media buyers during 2015. In September 2015, we also took over the entire responsibility for assembling and distributing NRA's daily news clipping package.

5. January 2016. In preparation for the presidential campaign year, we hired two additional writers, expanded our digital buying to include renewals and some housefile fundraising programs. We also devoted more staff time to analytical efforts on our digital and email programs.

6. September 2016. This increase was requested following our work during the presidential year. There were additional housefile fundraising demands placed, which translated into a substantially increased workload for membership, ILA and PVF. During this period we also created the NRA Benefits website and devoted more time to testing and improving the new/renewing member onboarding series, and the credentials package, which included a form to incent affinity program signups.

7. During 2017, our workload increased in the following areas: email management, email measurement, implementation of SalesForce for renewals and other projects, collaboration with NRA's Chief of Staff on programs to meet the 2017 budget goals, and marketing the Carry Guard program.

Allegiance Creative Group Billing Increases:

1. This increase was requested following our increase prospecting workload during the presidential year. We increased the number of projects and volume in the mail, email, and digital areas.

2. & 3. The July and August 2017 increases were requested as a result of our increased role in managing NRA's vendors who were assigned to our project load. Work included creation and review of strategic plans, and absorbing management and payment responsibilities for one vendor charged with managing NRA's email program. The number of prospecting projects and promotional volume continued to increase during this period.

4. The February 2018 increase was requested to cover increased activity in lead generation efforts. Lead generation involves the creation of email name lists that we can use for membership prospecting. Efforts include the development of informational

material that NRA can give away in exchange for an email name, development of promotions for the Salesforce platform, and landing pages to gather the names. The number of prospecting projects and promotional volume continued to increase during this period.

Concord Billing Increases:

1. January 2013 was the first major expansion of our digital efforts during the post Newtown membership surge period where NRA recruited nearly one million new members. We hired the first members of our digital team during this period. We also made investments in our ability to build, optimize and test web pages.

2.&3 June and July, 2014 followed 2013, where we broke all membership and membership fundraising records. This billing increase was compensation for the work and hiring investments we made to achieve these records. The increases also helped us recapture some of the investment we'd made in the planned giving program over the previous two years.

4. The June 2015 increase was compensation for the work we had done for ILA and PVF which, as mentioned above, had more than doubled since 2011. The work included strategic planning, emails, web pages, magazine articles, and speech assistance for Chris Cox at the annual meeting.

5. September 2016 was for the hiring initiated in 2015 and largely completed at this point in time. The hiring included two user interface designers, two graphics designers, and two digital media buyers during 2015. In September 2015, we had also took over the entire responsibility for assembling and distributing NRA's daily news clipping package.

6 & 7. February 2018. Our workload increased in the following areas: email management, email measurement, implementation of Salesforce for renewals and other projects, collaboration with NRA's Chief of Staff on programs to meet the 2017 budget goals, and marketing the Carry Guard program.

8. This increase covers additional program management and strategic planning efforts. We are also increasing our commitment to marketing the Friends of NRA program and the NRAStore.