Title:
Getting the Best Return on Investment for your Fundraiser

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Summary:
Return On Investment (ROI) is a fundamental business concept. Its also something that every fundraiser needs to take into consideration.

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Article Body:
Return On Investment (ROI) is a fundamental business concept. Its also something that every fundraiser needs to take into consideration.

A business investment consists of working capital, physical assets, and peoples time.

ROI is the net gain that results from a business spending money and utilizing physical assets, along with the expenditure of employees' time, in an effort to produce tangible profits.

So, the investment in a fundraiser consists of: any up-front expenditures that are required the costs associated with the assets that are utilized the value of people's time spent fundraising

Some key points about ROI in fundraising:

1- Analyze your up-front expenditures vs. your net gain
2- Lowering costs boosts your ROI, but maybe not your net
3- Always consider the hourly value of each volunteers time

Put an ROI value on upfront expenditures
The most important point is to analyze all of your up-front spending versus the net gain from each expenditure. Obviously, don't spend money if nothing is actually gained.

One example would be evaluating advertising expenses for a capital campaign.

Before you commit to it, run a small series of test ads to determine the response rate.

If you don't get the desired response, either revise your ad campaign or consider not spending any more money on advertising.

Look for areas where the returns are greatly magnified for every dollar spent. This generally includes effective publicity, quality communication, targeted prospect lists, and timely reminder campaigns.

Put an ROI value on cost reduction vs. net profits
Lowering costs boosts your ROI measurement, but your net can be impacted by the lack of investment. If there is an area where money spent in the past produced excellent results, then be sure that this year's plan provides additional investment capital for that effort.

A good example involves possibly cutting the funding for your capital campaign mailing. Sure, you can cut your expenses by not mailing to anyone that didn't respond last year.

However, the law of large numbers will catch up to you. Less people contacted means less money contributed.

Remember, it doesn't always take money to make money, but not spending money where it is really needed can seriously impact your results.

Put an ROI value on your fundraising volunteers time Another important ROI point to remember is the value of each volunteer's time. Each volunteer-hour worked to raise money for your fundraiser should at least be equivalent to minimum wage. Otherwise, your group is wasting their time by not working smart.

An example would be spending a total of 1,000 volunteer hours coordinating an auction event that only raised $5,000. Chances are that many groups would be happy with the $5,000 net, but the ROI on everyone's time was marginal.

Put an ROI value on your merchant partners
In this instance, you want to maximize the value of everyones time by giving them specific tasks and full instructions. Don't take a scattershot approach by going all the area merchants and asking for donations of merchandise.

Instead, develop rapport with those merchants by providing value for them all year long before you ask them for a large donation.

Ways to improve your fundraising ROI

Focus your efforts where you'll get positive responses and avoid wasting your time on unproductive endeavors.

Each person who helps out in a fundraiser is offering their time in exchange for something that benefits everyone.

Give them specific assignments that focus on maximum results. Don't waste people's time or you will discourage future participation.

Why your fundraising ROI is important
Watch your ROI. It's a good indicator of the health of your non-profit organization. If the number is too low, your group will be constantly recruiting people to replace those who aren't interested anymore.

Your donors and volunteers won't return because their time wasn't valued, they saw their money being wasted, and they also saw penny-pinching where open purse strings would have been a better solution.

Design your organization to maximize your fundraising ROI and you'll position your group for success for many years to come.