Your organization invests time and money into your volunteer programs. But how can you get better outcomes out of your investment?

By taking the steps to measure your volunteer program's Return on Investment (ROI), you'll gain key insights into program spending with reference to community needs addressed (or program effectiveness). You'll demonstrate to stakeholders that your initiative is well-managed to boost outside investment, and you'll have the tools you need to evaluate future spending.

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You will also find attached the Return on Investment Calculator, designed specifically for volunteer programs and ready to use. Simply enter your data and the worksheet will calculate your Return on Investment.
WHAT IS RETURN ON INVESTMENT?

Are you getting more out of your volunteer program than what you’re putting in? Your may find that you need to justify your program’s costs, or wonder how many resources you should dedicate to a particular initiative. Organizations measure the ROI of their volunteer programs to establish a clearer sense of:

- THE TRUE COST OF RUNNING A PROGRAM
- THE COST OF PROGRAM INPUTS
- THE VALUE OF PROGRAM OUTPUTS
- THE VALUE OF VOLUNTEERS’ TIME
- OPPORTUNITIES FOR IMPROVEMENT

Armed with this information, organizations can look at the efficiency and impact of its programs. The higher the ROI, the more value you are getting out of your programs.

A **positive ROI** indicates that you are getting more out of a program than you’re putting in. The output is greater than the cost.

A **negative ROI** means your programs are costing you more than the value of your service. This means you may have to reevaluate this program. You’ll want to look at the efficiency of your processes.

WHY IT'S IMPORTANT TO MEASURE IMPACT

Why should your organization measure program impact? Why should you quantify program outcomes?

**Internal Accountability:** Encourage staff and volunteer commitment to your cause.

**Boost Funding:** Advocate for future funding and even secure more resources to expand programming.

**Facilitate Growth:** Collect the information you need to establish best practices and improve the quality of your services.

**Increase Return On Investment:** Generally, measuring impact encourages organizations to put evaluation systems in place. Quantify outcomes to make the case for greater investment in your program.

HOW VOLUNTEER PROGRAMS BENEFIT ORGANIZATIONS

Why are volunteer programs worth the investment? Of course, your programs and the volunteers that participate in them have the power to improve the lives of others. But a sustainable, well-organized volunteer program also has numerous advantages to the organizations that host them. Here are a few fundamental benefits:

- Capacity Building
- Increased Donor Engagement
- Maximizing Limited Resources
- Direct Community Outcomes
- Stronger Community Engagement
HOW TO MEASURE RETURN ON INVESTMENT

There are several ways to measure your volunteer program ROI. Here, we outline a basic method and a more comprehensive method.

The Basic Formula

Why Choose the Basic Formula?

This formula allows you to calculate your ROI using data that is simpler to collect with the right tools and procedures in place. The calculation produces a ratio that compares the total cost of running your program, or your program investment, to the total volunteer of your volunteers’ time. The basic formula for Return on Investment is as follows:

\[
\text{Return On Investment} = \frac{\text{Volunteer Value} - \text{Program Cost}}{\text{Program Cost}}
\]

The above calculation will yield the Return on Investment per $1 of program cost. In other words:

For every $1 invested in your program, x dollars were returned to the community.

Want to know your ROI percentage? Use this formula:

\[
\% \text{ ROI} = \left( \frac{\text{Program Cost}}{\text{Volunteer Value}} \right) \times 100
\]

What is Volunteer Value?

\[
\text{Volunteer Value} = (\text{Total # of volunteer hours}) \times (\text{Estimated volunteer wage per hour})
\]

Many volunteer programs use either their state’s determined volunteer wage or the national average. The Independent Sector establishes the current national volunteer value at $25.43 per hour. So for every hour an individual volunteers with your program, you are giving $25.43 back to the community.

Let’s say your volunteers contributed 1,000 hours last year. To calculate Total Volunteer Value, multiply 1,000 hours by the national volunteer wage. 1,000 x $25.43 = $25,430. Therefore, your volunteers’ total time is worth $25,430.

Why quantify the value of the volunteer hour? Volunteer hours are a significant part of your ROI calculation. Their work impacts your outcomes and their time has value, just as a paid employee’s time has value. So it’s essential that organizations work to use volunteer time as effectively as possible. A robust volunteer management software like GetConnected automates hours tracking and calculates the value of volunteer hours, saving you time and money on complicated administration.
The Comprehensive Method

Why Choose the Comprehensive Method?

While the Basic Method for ROI calculation is fairly easy to achieve, this Comprehensive Method requires you to collect more data. But the time and effort you put into measuring your comprehensive ROI can provide you with a more accurate reading of your volunteer program's value:

\[ \text{ROI} = \frac{(\text{Volunteer Value} - \text{Program Cost})}{\text{Program Cost}} \]

What's different? While the basic ROI formula remains the same, we'll take a different approach to calculate Volunteer Value. Instead of using the value of volunteer's time according to the national average, you will calculate the retail value of the services your volunteers provided. This Retail Value of Service represents the amount of money you are saving your community when volunteers provide the service in lieu of a private provider. You will also add volunteer and in-kind donations contributed to the program. To measure Volunteer Value, you will use this simple formula.

**Volunteer Value** = **Total Retail Value of Service** + **Volunteer Donations**

Let's look at sample data. This table represents three different volunteer programs and the main service provided for each:

<table>
<thead>
<tr>
<th>Program Service</th>
<th>Amount</th>
<th>Volunteer Hours</th>
<th>Service Retail Rate / Hour</th>
<th>Total Retail Value of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children Tutored</td>
<td>50</td>
<td>100</td>
<td>$25</td>
<td>$2,500</td>
</tr>
<tr>
<td>Patients Visited</td>
<td>120</td>
<td>120</td>
<td>$30</td>
<td>$3,600</td>
</tr>
<tr>
<td>Trees Planted</td>
<td>150</td>
<td>300</td>
<td>$50</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

If your volunteers spent 100 hours tutoring children this year, you'll want to know how much this service would have cost the community had they paid for a tutoring service, or the Total Retail Value of Service. To achieve this value, multiply the Volunteer Hours by the Service Retail Rate / Hour. The Service Retail Rate can be found with a bit of research. How much are tutors charging per hour in your community? You may consider referring to websites like Glassdoor which can help you determine an average salary for a service. Note that while the Amount column (i.e. # of children tutored) is not used in your calculation, you may find it helpful to have output data like this on hand when evaluating your services as a whole.

Let's calculate the Volunteer Value for one program. To do so, add columns 2-4 in this table:

<table>
<thead>
<tr>
<th>Program Service</th>
<th>Total Retail Volunteer Value</th>
<th>Total In-Kind Donations</th>
<th>Total Volunteer Donations</th>
<th>Total Volunteer Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children Tutored</td>
<td>$2,500</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$5,500</td>
</tr>
</tbody>
</table>
GATHERING DATA

If you are looking to calculate your Annual ROI, you will need to have systems in place to measure a year’s worth of data. This includes calculating your program costs and tracking volunteer time.

Calculating Costs

Your Return on Investment (ROI) should consider the following types of costs: monetary investment, time investment, and overall investment. Let’s define each of these terms:

Monetary Investment

For every dollar your organization spent in cash (cost), you generated x dollars in value to the community. If x (generated value) is greater than cost, than you have a positive return on investment. Examples of Monetary Investment:

- Money spent on **physical resources** like office space, supplies, and equipment
- Money spent on **personnel** (building managers, contractors and consultants, etc.)
- Money spent on **engagement tools** like marketing, advertisement, and volunteer management software

Time Investment

This is For every dollar your organization spent in employee time on things like program management or volunteer training, you generated x dollars in value to your community. How do you measure that time in dollars? According to Glassdoor, the average annual salary for a Volunteer Coordinator is about $40,000. This is roughly equivalent to an hourly wage of $20. Examples of Time Investment:

- **Coordinator time** spent on managing and engaging volunteers
- **Employee time** spent on orientation and training

Overall Investment = Total Cost

The total time and monetary investment your organization puts into a program. When added together, you’ll have a clearer sense of your ROI.

Examples of Program Costs

Note that costs may not apply only to your volunteer program. For example, your staff may only spend 75% of their time on volunteer-related activities, like management and engagement. Consider these other costs:

**Staff**: Salary multiplied by the % of time spent on volunteer program-related activities.

**Office Overhead**: Calculate % of office used for volunteer program and multiply by total overhead costs.

**Training and Orientation**: Costs associated with volunteer on-boarding and training.

**Tools and Materials**: Tools needed to complete volunteer activities, including transportation.

**Software and Advertising**: Costs of volunteer management software and other marketing efforts.
Now that you know how to measure your ROI, what do you do with your results? One of the simplest ways to boost efficiency is through the implementation of volunteer management software. A volunteer management software can help to alleviate administrative backlog and streamline your volunteer management process. It can also support marketing and data tracking efforts. When best utilized, a multi-faceted software can help to improve volunteer ROI across the board:

### Organization and Time Saving
Time-saving tools like self-scheduling and automatic hours tracking allows volunteer coordinators to better utilize their time and redirect their efforts toward engaging volunteers and improving services. By decreasing employee time, you can increase ROI. Factors like stronger volunteer engagement and streamlined volunteer time input will also improve your ROI.

### Reporting
Reporting can be one of your most valuable tools when measuring impact. Automated reporting will improve data accuracy and expand tracking capabilities. Review impact data and program efficiency in real time so that you can apply for the funding you need and continuously improve programming.

### Recruiting, Engagement, Retention
When you invest in a system that works for your organization, you’ll have the tools you need to recruit more volunteers and reduce turnover, therefore increasing your ROI. Your platform should simplify the registration process while providing an engaging database of searchable opportunities. Look for features that prioritize engagement, such as:

- **Opportunity Matching:** A robust system will target volunteer interests and skills to provide opportunity suggestions; volunteers are more likely to find an opportunity they’ll love. Make the most of each volunteer’s expertise while fostering better relationships.

- **Simplified Communication:** Access a volunteer database where coordinators can communicate to volunteers directly through the platform. Send reminders, filter users, and engage volunteers with effective, tailored communication.

- **Personalized Volunteer Dashboard:** Volunteers like to know the work they’re doing matters. A platform that allows volunteers to track their efforts and view their personal impact in real time encourages repeat volunteerism.

### Volunteers to Donors
According to the Corporation for National and Community Service, volunteers are twice as likely to donate to a cause as non-volunteers. When you retain your volunteers, their more likely to become supporters of your program. And donations will ultimately improve your ROI while supporting program costs.
Putting time and resources into a volunteer program isn’t just about spending to get the job done. By calculating your ROI, you’ll understand the value of your volunteers’ time and impact, and acquire the insight you need to improve the sustainability of your programs. When you examine these results in respect to accomplishing your organization’s mission, you’ll make better decisions about where to allocate resources. While inputs are ultimately “costs,” you need to invest in your programs in order to get more out of them. It’s how you effectively utilize these investments to yield better outcomes that matter. For example, a volunteer management software is a cost, or investment, but when used productively, it can save you more time and improve efficiency, therefore increasing your overall ROI.

Including ROI measurement and reporting as part of your volunteer program practice will help you make the most of your volunteers’ time, have the greatest impact on your community, and ensure that your outputs are greater than your inputs.

Click here to download the free Volunteer Program ROI Calculator.

Want to learn more about GetConnected Volunteer Management Software? We love answering your questions. Check us out:

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