The Mission Points ROI (Return on Investment) Model

The Wage Replacement model compares the cash cost of engaging volunteers to the number of hours volunteered.

The Mission Points model combines the cash cost of engaging volunteers with the number of hours volunteered and compares that total to the value associated with outputs.

Revised Oct 21, 2011

Mission Points ROI (Return on Investment) Calculator

- For instructions on using the online ROI calculator at www.volunteer2.com/ROI, go to Appendix 1.
- Some samples ROI reports are illustrated on Appendix 2.
- For some background on the concept and examples to help you determine the values you should use for your nonprofit on the ROI calculator, continue below.
- For a list of consultants that can provide you with additional assistance with calculating ROI, Appendix 3.

What is the Mission Points method of calculating ROI?

The Mission Point model combines the value of the volunteer's time with the cash costs of engaging volunteers and compares that sum with the value of the accomplishments, outputs and/or outcomes related to the engagement of volunteers. It is a process for measuring in a "bang-for-the-buck" sort of way, but different in that it includes the volunteer's time as part of the "bucks".

The basic premise behind the usefulness of this can be illustrated with the following.
If you had a passion for the environment and had the opportunity to volunteer for one of two environment organizations whose sole function was the planting of trees, would you volunteer for nonprofit A or B?

- Everything about the two nonprofits' structure, financing, staffing etc. is identical.
- Both nonprofits plant 500,000 trees a year.
- Nonprofit A consumes 100,000 hours of volunteer time and Nonprofit B consumes 90,000 hours of volunteer time.

Cleary Nonprofit B gets more "bang-for-the-buck". If you chose Nonprofit B you intrinsically understand the usefulness of the Mission Points ROI. It will help you see things this clearly even when the issues are not as simplistic as the example above.

How can it be used?

- Compare the results of your volunteer engagement from month to month, quarter to quarter or year to year.
- Compare the effectiveness of various volunteer roles that set out to accomplish the same Output.
- In large nonprofits compare the efficiencies between different locations. (Given the arbitrary nature of some of the values you set, comparisons between different nonprofits are not practical.)

Examples to explain the concept

The following series of examples start with a greatly simplied set of circumstances. It is so simplified that is not even realistic. The series of examples has been designed to make it easier to get used to the concept first with simple scenarios before moving on to more complicated ones. Each example adds a little more complication. Even the final example won't replicate the environment in your organization. The examples will help you get started in determining what values you could use in your organization and if you need help there are consultants you can call on who can be of assistance.

As we get into the examples you will see there is a degree of ambiguity that will be introduced in many cases. That some of the values are somewhat arbitrary need not be a concern because that arbitrary property remains consistent as you compare the results of one year to the next.

Example 1A

Assumptions in this example

- There are no cash costs
- Volunteers do one thing & one thing only – plant trees
- Intuitively simple numbers

	Year A	Year B
Wage replacement value	$200,000	$240,000
Trees Planted	400,000	375,000
Return On Investment (ROI)	100%	56%

The ROI calculation is actually quite simple **ROI = (Outputs-Inputs) / Inputs x 100**

In this case we are comparing apples to oranges (money to trees planted) but this is only to get us started. Examples further on correct for this.

Even without the ROI calculation we can intuitively judge that Year A demonstrated better performance than Year B. Year A had lower wage replacement value (meaning fewer volunteer hours in this case) while planting more trees. As stated earlier the ROI calculation will tell us which year demonstrated better performance when the situation is not as simple.

Example 1B

Assumptions in this example

- There are no cash costs
- Volunteers do one thing & one thing only – plant trees
- Unintuitive numbers

	Year A	Year B
Wage replacement value	$240,000	$200,000
Trees Planted	400,000	375,000
Return On Investment (ROI)	67%	88%

In year A, for every $1 in volunteer time 1.67 trees were planted.
In year B, for every $1 in volunteer time 1.88 trees were planted.

Example 1C

Assumptions in this example

- Volunteers do one thing & one thing only – plant trees
- Cash costs are now included in the calculation

	Year A	Year B
Wage replacement value	$240,000	$200,000
Volunteer Engagement Cash Costs	$100,000	$100,000
Total Volunteer Engagement Costs	$340,000	$300,000
Trees Planted	400,000	375,000
Return On Investment (ROI)	17%	25%

In year A, for every $1 in volunteer time and cash expenses combined, 1.17 trees were planted.
In year B, for every $1 in volunteer time and cash expenses combined, 1.25 trees were planted.

Example 2A – Providing a service also available commercially

Assumptions in this example

- Volunteers do one thing & one thing only – prepare basic personal tax returns
- The retail value of having a basic personal tax return prepared is $25
- Cash costs are included in the calculation

	Year A	Year B	
Wage replacement value - accountants	$200,000	$225,000	
Volunteer engagement cash costs	$100,000	$100,000	
Total volunteer engagement costs	$300,000	$325,000	Total inputs
Tax returns completed	20,000	22,000	
Retail value of a single tax return	$25	$25	
Value of all tax returns completed	$500,000	$550,000	Total outputs
Return On Investment (ROI)	67%	69%	

In year A, for each $1 in volunteer time and cash spent, $1.67 worth of tax returns were completed.
In year B, for each $1 in volunteer time and cash spent, $1.69 worth of tax returns were completed.

Example 2B – Inclusion of roles that indirectly contribute to the mission of the organization

Assumptions in this example

- In year A Volunteers do one thing & one thing only – prepare basic personal tax returns
  In year B a new volunteer role is introduced; client receptionist. The result of adding this role was that through better channeling of clients, more tax returns were completed in the same amount of time volunteered by the accountants.
- The retail value of having a basic personal tax return prepared is $25
- Cash costs are included in the calculation

	Year A	Year B	
Wage replacement value - accountants	$200,000	$200,000	
Wage replacement value - receptionist		$15,000	
Volunteer engagement cash costs	$100,000	$100,000	
Total volunteer engagement costs	$300,000	$315,000	Total inputs
Tax returns completed	20,000	22,000	
Retail value of a single tax return	$25	$25	
Value of all tax returns completed	$500,000	$550,000	Total outputs
Return On Investment (ROI)	67%	75%	

In year A, for each $1 in volunteer time and cash spent, $1.67 worth of tax returns were completed.
In year B, for each $1 in volunteer time and cash spent, $1.75 worth of tax returns were completed.

Although the role of receptionist does not involve an effort directly associated with the completion of a measureable output, the effort extending in this role supports those who are creating the measurable outputs and as such the wage replacement value of that position needs to be included. Although not directly involved in completing tax returns, the process of working with many clients is more efficient because of the receptionist, leading to more tax returns getting completed.

The higher the total value of the outputs and the lower the total value of the inputs (of any kind), the better the ROI. Regardless of the types of inputs or "costs" that need to be included, the Mission Points ROI methodology captures the relationships of inputs and outputs.

Example 3A – Providing a service also available commercially – The effect of adding new costs (inputs)

Assumptions in this example

- ROI is being measured for one program within the nonprofit
- Volunteers do one thing & one thing only in this program – drive people to their doctor's appointments
- The average one way cab fare within the nonprofit's service area - $25 including tip
- A single one way trip would take a volunteer an average of one hour. Volunteers do not wait with the client (just an assumption for this example).
- Cash costs are included in the calculation
- In year B new costs (inputs) are introduced (e.g. additional criminal background checks, volunteer appreciation gifts, etc.)

	Year A	Year B	
Appointments serviced	2,100	2,100	
Average cab fare (both ways)	$50	$50	
Value of all appointments serviced	$105,000	$105,000	Total outputs
Wage replacement value	$84,000	$84,000	
Volunteer engagement cash costs (excluding mileage)	$15,000	$25,000	
Mileage reimbursed to volunteers	$5,250	$5,250	
Total volunteer engagement costs	$104,250	$114,250	Total inputs
Return On Investment (ROI)	1%	-8%	

In year A, for each $1 in volunteer time and cash spent, $1.01 worth of transportation is provided.
In year B, for each $1 in volunteer time and cash spent, $0.92 worth of transportation is provided.

Example 3B – Including outputs with no obvious number to attach as the value

Assumptions in this example

- ROI is being measured for one program within the nonprofit
- In Year A volunteers drive people to or from their doctor's appointments but do not wait there. In Year B volunteers drive people to and from their doctor's appointments and wait there.
- The average one way cab fare within the nonprofit's service area - $25 including tip
- The value attributed to waiting with the client at the appointment is deemed to be $50. (How this value might be determined follows the example.)
- A single one way trip would take a volunteer an average of one hour. A two way trip, including wait time would take 3 hours.
- Cash costs are included in the calculation
- The same number of volunteer hours are available to the organization in both years.

	Year A	Year B	
Appointments serviced	2,100	1,400	
Average cab fare (both ways)	$50	$50	
Value attributed to waiting at the appointment	n/a	$50	
Total value of all appointments serviced	$105,000	$140,000	Total outputs
Wage replacement value	$84,000	$84,000	
Volunteer engagement cash costs (excluding mileage)	$15,000	$15,000	
Mileage reimbursed to volunteers	$5,250	$3,500	
Parking reimbursed to volunteers	n/a	$14,000	Total inputs
Total volunteer engagement costs	$104,250	$116,500	
Return On Investment (ROI)	1%	20%	

In year A, for each $1 in volunteer time and cash spent, $1.01 worth of service was provided
In year B, for each $1 in volunteer time and cash spent, $1.80 worth of service was provided

Determining a value for waiting at the appointment

Firstly, please note that I use the phrase "a value" and not "the value". Although an absolutely precise number might not be available, some sort of estimation is better than no information at all. If flying to an unknown destination, knowing a rough temperature range to pack for would be better than no information at all.

In this specific case a value could be approximated by using a trade-off approach. For example, clients could be asked; "Out of every ten appointments we drive you to, how many of the rides we give you would trade for having a volunteer stay with you while you wait for your appointment and then drive you home again?"

- If the average response was zero then that would tell you that the clients value the free ride and perhaps the company on the ride more than they do company in the doctor's office.
- If they average is five, it suggests a value that is equivalent to the cab. They would be saying that they would trade five cab fares for company in the office while waiting on the remaining five. That would indicate a value of company at the appointment of $50.
- If the average number they would give up was 8, they would be saying that company on two appointments was worth the same as rides without office accompaniment on eight. That would indicate a value of company at the appointment of $200.

Example 3C – The importance of sticking to your organization's mission

Assumptions in this example

- Same as Example 3B especially that :
  - There is a fixed number of volunteer hours available to the organization
  - In Year A volunteers drive people to or from their doctor's appointments but do not wait there. In Year B volunteers drive people to and from their doctor's appointments and wait there.
- The mission statement of the organization is as follows" To relieve the financial burden of cancer patients with limited income who have to rely on taxis for transportation to doctor's appointments and treatments."

	Year A	Year B	
Appointments serviced	1,400	2,100	
Average cab fare (both ways)	$50	$50	
Value attributed to waiting at the appointment	n/a	n/a	
Total value of all appointments serviced	$70,000	$105,000	
			Total outputs
Wage replacement value	$84,000	$84,000	
Volunteer engagement cash costs (excluding mileage)	$15,000	$15,000	
Mileage reimbursed to volunteers	$3,500	$5,250	
Parking reimbursed to volunteers	$14,000	n/a	
Total volunteer engagement costs	$116,500	$104,250	
			Total inputs
Return On Investment (ROI)	-40%	1%	

In year A, (in this example the year they waited with patients) for each $1 in volunteer time and cash spent, $0.60 worth of service related to the mission of the organization was provided
In year B, (in this example the year they did not wait with patients) for each $1 in volunteer time and cash spent, $1.01 worth of service was provided

Determining a value for waiting at the appointment

Year B represents a far more successful year in terms of addressing the mission of the organization. Those running the driver program might feel that keeping the client company during an appointment is very important and the clients might think it is wonderful. Frankly I would find it hard not to imagine either of those things. However, if we believe the primary purpose of volunteer engagement in most nonprofits is to further the mission of the nonprofit, then with the information above, we need to see year B as the more successful year.

It is important to keep in mind that this is simply an example to illustrate a point. In reality it might be the case that volunteers are easier to recruit and retain if their role includes waiting with the client. The point to this example is that measuring ROI holds us accountable to the organization's mission.

If the values on the outputs are in line with the mission, ROI measurement indicates how well resources are being managed toward the attainment of the organizational mission.

If part of the mission of the nonprofit in example 3B was to improve the experience of cancer patients having to attend frequent doctor's appointments and treatments, then a value for companionship while waiting would be a requirement. In the absence of anything along those lines, it should not be considered.

This is fundamental to the Mission Points model for calculating ROI. Only those outputs that contribute to the mission are considered. One of many advantages of using this methodology is that once your board or senior management agrees to the value of outputs, they cannot disagree with the ROI results you present to them later.

Example - 4 Volunteers are engaged in creating a variety of types of outputs

Assumptions in this example

- Volunteers in a hospital are engaged in five different roles: friendly visits, pet foster care community presentations, an annual fundraising gala and assisting the manager of volunteers.

	Year A	Year B
Friendly visits	5,500	6,000
Pet foster care	300	315
Community presentations	20	80
Gala money raised	$250,000	$255,000
Administrative assistance for the manger of volunteers	300 hrs	350 hrs

Without attaching a common reference to each of the items above, how can we determine which year represents the better management of volunteer resources? To apply any sort of ROI calculations so the first step is apply a common type of value to each of them. Although it can be a challenge to place a value on what a friendly visit is worth to a person who is alone and ill (isn't it priceless?) there are some techniques that can be applied.

The methodology for coming up with the numbers in the table below are beneath the table. The numbers are fictional but the methodology can be applied to real numbers as well of course.

	Year A			Year B		
	Output	Unit value	Total Value	Output	Unit value	Total Value
Friendly visits	20,000	$100	$2,000,000	20,500	$100	$2,050,000
Pet foster care nights	300	$25	$7,500	315	$25	$7,875
Community presentations	20	$3,000	$60,000	80	$3,000	$240,000
Gala (after event expenses)	$250,000		$250,000	$255,000		$250,000
Total value of all outputs			**$2,317,500**			**$2,547,875**
WRV* - Friendly visits			$200,000			$205,000
WRV - Pet foster care			$6,000			$6,300
WRV - Community presentations			$1,200			$4,800
WRV - Gala			$30,000			$30,000
WRV – Admin Assistant			$12,480			$12,480
WRV -Training sessions			$16,000			$16,000
Cash Expenses			$125,000			$125,000
Total volunteer engagement costs (Total inputs)			**$390,680**			**$399,580**
Return On Investment (ROI)			**493%**			**539%**

*Wage Replacement Value

In year A, for each $1 in volunteer time and cash spent, $4.93 worth of benefits and funds were returned.
In year B, for each $1 in volunteer time and cash spent, $5.38 worth of benefits and funds were returned.

How values were derived (theoretically)

Outputs

- Pet foster care nights – the average cost of premium boarding per night
- Gala – money raised
- Community presentations – Over time the organization has determined that, on average, each community presentation generates $1,500 in unsolicited donations and an average one new longer term volunteer. Further, over time the organization has determined that the average volunteer donates $1,000 over the course of the involvement. The $1,500 and $1,000 combine to make the $2,500 value used in this example. Given that the community presentation generates additional volunteers, going forward more patient visits or other things would become possible. Because those incremental outputs will be including ROI calculations in the future, we don't need to account for the value of a new volunteer here.
- Friendly visits - The trade off approach could be used to approximate a value. It is all very hypothetical but it does help determine a value to the hospital, even if the patient might still see it as priceless. Imagine as the manager of volunteers in a hospital, someone comes into your office and offers to donate her time to complete 1,000 patient visits OR donate $1,000,000. Which would you take? If you say the money, then 1000 patient visits is not worth $1,000,000 to you. So now consider the same offer except now the donation would only be $500,000. Which would you take? Keep reducing the amount of the donation and you have determined the value of a patient visit to the hospital. In the example above, the donation had to go below $100,000 before it was preferred over the 1,000 visits. This led to suggest an approximate value of patient visit to the hospital to be $100.
- Administrative assistant – Although the role is very important as it leads more patient visits and community presentations being done, there is no measurable output. The hour in this role needs to count of course and they are included as inputs.
- Training is provided to volunteers throughout the year and is fundamental to helping them fulfill the role of friendly visitor. Like the admin assistant's hours, they are included as inputs.

Appendix One - The Mission Point ROI Calculator - Instructions

The following instructions relate to the free online ROI calculator and reporting tool at www.volunteer2.com/ROI. It is fully sponsored by Volunteer^2, makers of Volunteer Impact volunteer management software.

Step 1 – Register

- Click on the Register tab in the top right hand corner of the screen
- Usernames and passwords must be six characters
- **Volunteer Impact and Community Hub users** – This is a completely different system and requires a separate registration

Step 2 – Add your activities

- Click on the Activities tab at the top of the screen
- Click the "Create" link.
- Activities are volunteer roles or positions.
- The default value can be your regional standard for a wage replacement value or a wage equivalent value for the specific activity.

  The wage replacement value

  Each of the options below has its own advantages and disadvantages.

  Option A – The wage replacement value currently used in your region.
  Advantage: It is simple and least likely to cause controversy.

  Option B – Use a wage replacement value that is in line with the task being performed. For example, If the task is shoveling snow, the value would be lower than if the task was financial accounting.
  Advantage: Can generate a more accurate ROI

Step 3 – Add your Outputs

- Click on the Outputs tab at the top of the screen
- Click the "Create" link.
- Outputs are those measurable items that directly or indirectly contribute to your mission
- See the examples in the first section of this manual for ideas on formulating values for your outputs.

Step 4 – Enter data

- Typically entering data on this screen should be done once per month.
- Click on the Enter Data tab at the top of the screen

1. Enter the total out-of-pocket costs for the month.
2. Select an Activity from the dropdown list.
3. Enter the total number of hours for that activity for a particular month (you can change the date of the entry to anything in the appropriate month if required). The total will be calculated as soon as you move to another cell or click “Add Activity”.
4. If applicable, select the output from the dropdown list.
5. Enter the total quantity achieved for the month and click “Add Output”. (Some activities that play a supportive role to other activities might easily have no measureable outputs. The hours associated with all activities need to be included for an accurate ROI calculation.)
6. If there are more than one output to be entered related to this activity, repeat steps 4 & 5.
7. Once all relevant outputs have been entered for an activity, click “Add Activity”.
8. Repeat steps 2-7 as required
9. Click “Save”.

Step 5 – Review data entered (You can do this any time.)

- This page is simply a list of the data that you have entered.
- To view a list of entries related to specific date, enter the dates at the top of the screen and click “Filter List”.

Step 6 – View reports

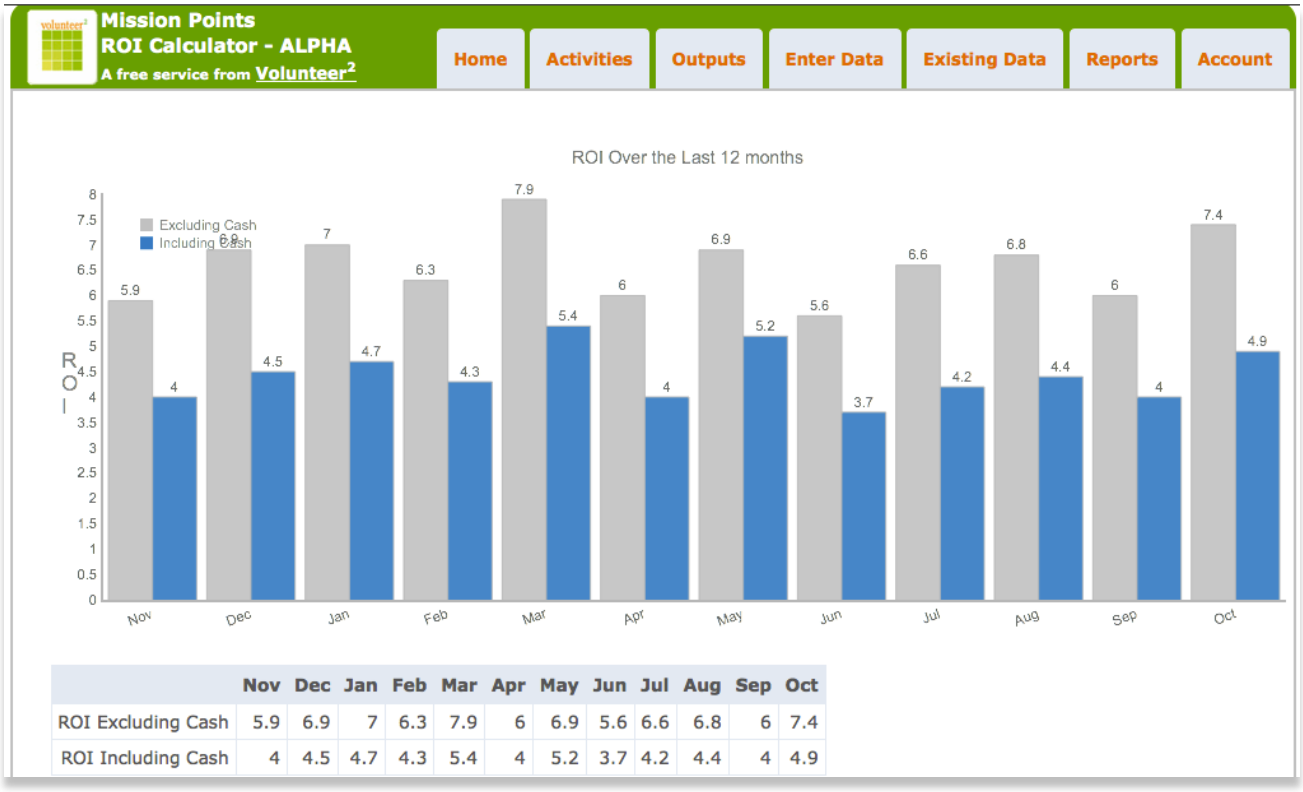
Once you have your first month’s worth of data entered you can view your first ROI report.

Step 7 – Give us your feedback

At this stage, the online ROI calculator is still a rough draft of what it will become. Your feedback on this model for calculating ROI would also be greatly appreciated. As a relatively new model there are likely many ways that it can be refined and improved. Please send your thoughts to Tony Goodrow at tony@volunteer2.com.

Appendix 2 - Sample Reports

The Past 12 Months

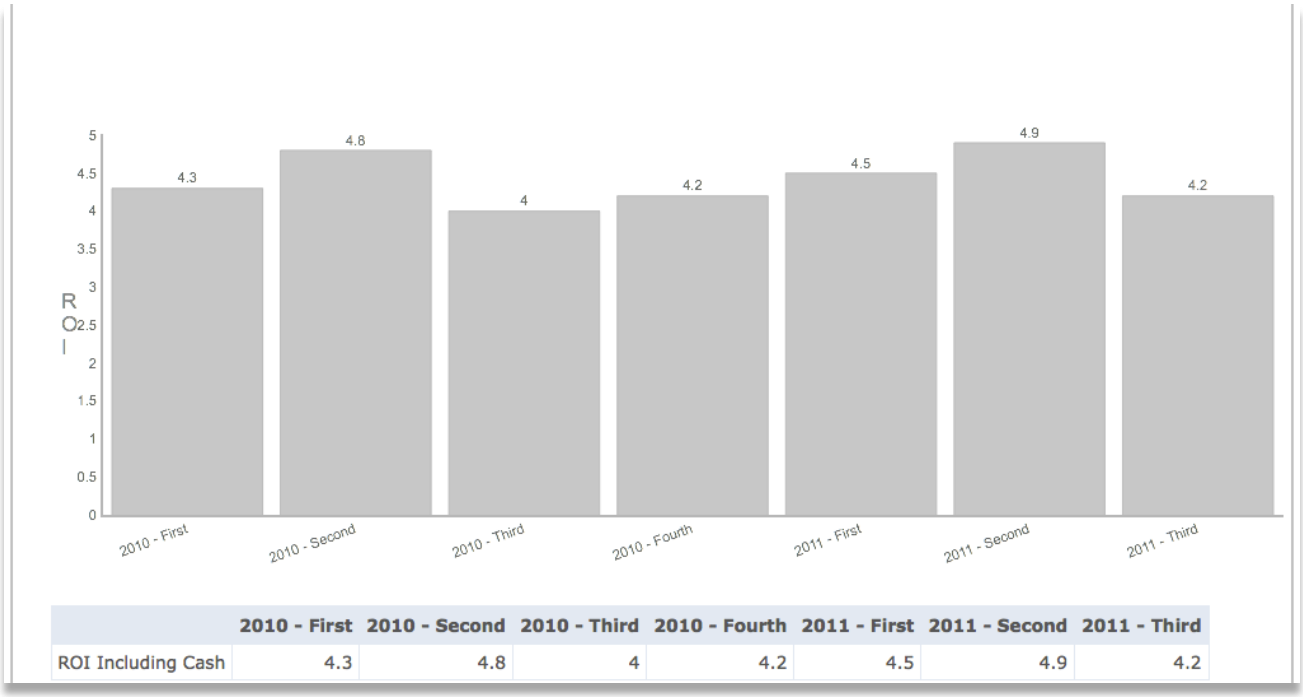


	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
ROI Excluding Cash	5.9	6.9	7	6.3	7.9	6	6.9	5.6	6.6	6.8	6	7.4
ROI Including Cash	4	4.5	4.7	4.3	5.4	4	5.2	3.7	4.2	4.4	4	4.9

The blue bars represent the true spirit of the Mission Points ROI in that they combine the cash expenses of volunteer engagement along with the consumption of volunteer hours.

The grey bars represent the ROI factoring in only the volunteer hours as inputs. They do not include the cash expenses in the calculations. It represents the return on investment of the hours of volunteers only.

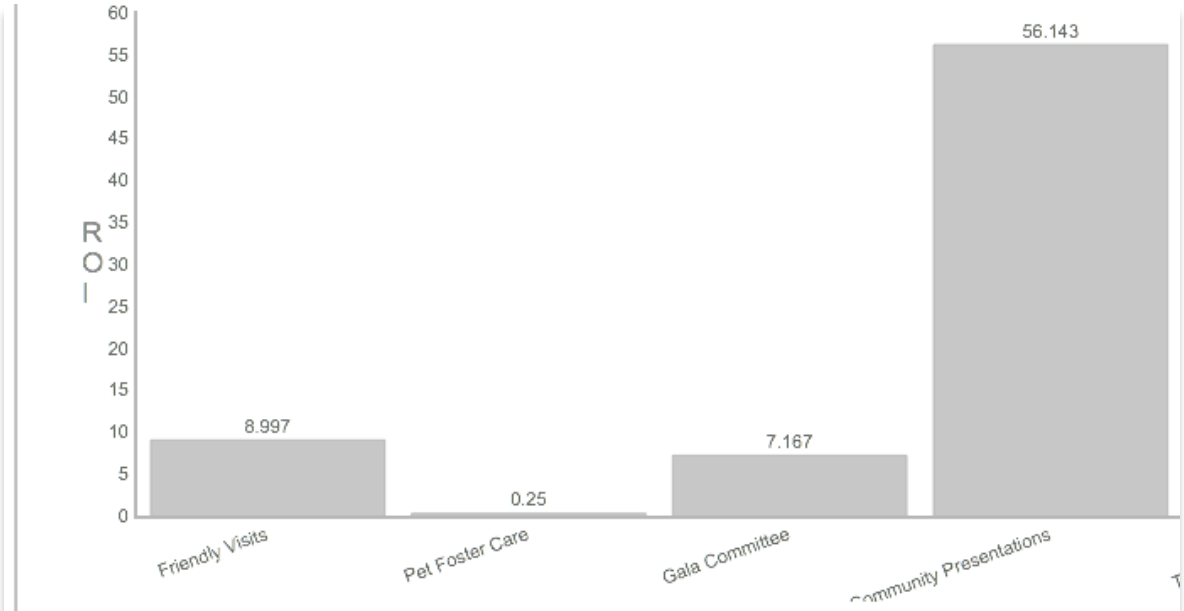
Quarter by Quarter Analysis



	2010 - First	2010 - Second	2010 - Third	2010 - Fourth	2011 - First	2011 - Second	2011 - Third
ROI Including Cash	4.3	4.8	4	4.2	4.5	4.9	4.2

You can create reports over any date range and can compare ROI month by month, quarter by quarter or year by year. These can used as key indicators of performance that go far beyond simply how many hours get logged.

Activity by Activity Analysis



Activity	ROI
Friendly Visits	8.9968
Pet Foster Care	0.25
Gala Committee	7.1667
Community Presentations	56.1429

By comparing the ROI associated with the roles in which volunteers are engaged, you can make adjustments if the return on investment of the volunteers' time can better serve the mission of your organization. In some cases, a substantially different ROI between two roles indicates that the volunteers' contribution of time ought to be reorganized to better meet the mission of your organization. This is more than a simple numbers game though. Your knowledge of the situation must factor in too. The Mission Points ROI model gives you real numbers to combine with your knowledge to forge a better engagement of volunteers.

In the fictitious example above, it is clear from the numbers that it is worth reducing the number of patient visits if they can be replaced with more community visits. The community presentations result in new volunteers becoming engaged (who then generate more patient visits), unsolicited donations being made and the media telling better stories. Your knowledge of the community though suggests there are only a finite number of presentations that could be made in a year.

The data rightly suggests that new volunteers that want to get involved with either the gala or friendly visits will potentially have a positive effect on the ROI. The Pet Foster Care yields a very low ROI but you might know that the Pet Fostering volunteers might only be interested in that role, suitable for that role and available for that role. Given those parameters, (your knowledge) you could confidently disregard the ROI percentages that guide you to make changes in other circumstances.

Appendix 3

Consultants in the volunteer sector who see value in utilizing this method of ROI measurement and can help you apply the model in your organization.

Name	Location	Phone	Email
Tony Goodrow	Canada	1-800-844-1545	tony@volunteer2.com
Rob Jackson	UK	07557 419 074	rob@robjacksonconsulting.co.uk
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Martin J Cowling	Australia/USA	61 3 9016 3450	martin@pfts.com.au
Rick Lynch	USA	206-547-1269	rdsl@aol.com