



Index

- Absolute value, 86
- Accountability, 20, 87
- American Cancer Society, 5, 6
- Annual campaigns, 39
- Asset test for 501(c)(3) organizations, 16
- Banks, importance of relative value to, 85
- Bequests, statistics on giving, 3–6
- Board members, communicating organizational value, 69
- Budgets
 - capital budgets, 75, 101–105
 - as list of inputs, 51
 - public charities, 4, 6
 - and watchdog group evaluations of nonprofits, 68
- Business, value of impact on, 95–97
 - See also* Economic impact
- Capacity as attribute for effective fundraising, 46–49
- Capital budgets, 75, 101–105
- Capital campaigns, 22, 23, 34, 39, 43, 44, 130–132
- Capital markets, 72, 73
- Cash flow calculations, 100
- Cash-generating NPOs, 28
- Charitable contributions as source of revenues, 4
- Charitable purpose, 15, 16
- Charity
 - negative connotation of, 5
 - and new terminology, 21
- Collins, Jim, 36, 40, 49, 71
- Communications and investor relations, 114–120
- Compensation, nonprofits versus for-profit organizations, 13–15
- Concern as attribute for effective fundraising, 46–49
- Connection as attribute for effective fundraising, 46–49
- Corporations. *See also* For-profit entities
 - statistics on giving, 3–6
- Cost of capital, 68, 71, 75, 101–104
- Cost savings
 - avoidance of costs to society, 93–95
 - expected value, 64, 65
- Credibility, importance of, 56, 57, 115, 116
- Customers, primary versus supporting, 84, 85
- Discount rates, 100, 101
- “Donation” and new terminology, 87
- “Donor” and new terminology, 21
- Drucker, Peter F., 84
- Drucker Foundation Self Assessment Tool, 84

- Earnings multiplier, 55, 56, 109
- Economic development organizations
 employer support, OVP example, 142–145
 local impact, OVP example, 134, 136–139
 outcomes, defining, 81, 82
 unrealistic goals, OVP example, 139–142
 value of local business impact, 95–97
- Economic impact
 for-profit versus nonprofit, 11, 12
 OVP example, 134, 136–139
 per dollar spent, 110
 per person served, 111
 return ratios, 110, 111
 and value of NPO as an entity, 88, 89
 and value of outcomes, 55, 56
 value of overall impact, 97, 98
- Economic Value Added (EVA), 67, 68
- Educational programs
 outcomes, defining, 82, 83
 specific benefits, 86, 87
- Effectiveness, 6, 68, 87, 88
- Emotional appeals
 paradigm shift away from, 23–26
 as reason for giving, 25
 and ROI, 38
 versus use of investment terminology, 87
 and volunteer fundraising model, 44
- Employment multipliers, 109
- Feasibility studies, 22, 23, 26, 41, 45
- Feedback, 74
- Financial Accounting Standards Board (FASB), reporting standards, 74
- 501(c)(3) organizations, qualifying as, 15, 16
- For-profit entities
 differences between nonprofits and, 11–16, 71
 nonprofit similarities, 3, 8, 34, 36, 44, 45
- For-profit funding model, 44, 45
- Form 990, 13, 74
- Foundations, statistics on giving, 3–6
- Fredericks, Laura, 24
- Funding, lack of as excuse for not reaching goals, 113, 114
- Funding cycle, 21, 44, 45
- Fundraising
 capital campaigns, 22, 23, 34, 39, 43, 44, 130–132
 and charity mindset, 21, 22
 effectiveness, 6, 68, 87, 88
 expenditure on, 5
 investment-driven model. *See* Investment-driven fundraising
 misconceptions, 35–38, 40
 and need for demonstrating value, 76
 professional solicitation model, 44
 ratio of expenses to private support, 6
 and value to investor, 6
 volunteer-driven model, 43, 44
- Future benefits, 105–107
- Gifts
 gift mentality, eliminating, 21, 22
 implications of, 22
 versus investment, 22
 and new terminology, 21, 87
 reasons for giving, 24, 25
 as source of revenues, 4
 statistics on giving, 3–6, 73
- “Give” terminology, 20
- Goals
 economic development organization unrealistic goals, OVP example, 139–142
 for-profit, 40

- lack of funding as excuse for not reaching, 113, 114
 - nonprofit organizations, 41
- Government funding
 - and communicating organizational value, 69
 - reliance on, 27
 - statistics, 4, 5
- Grace, Kay Sprinkel, 9, 46
- Grants
 - evaluation measures, 35
 - and funding cycle, 44, 45
 - logic model requirement, 51
 - organizational value, communicating, 69, 70
 - proposal requirements, 69
 - reliance on, 27
 - as source of revenues, 4
- Health services. *See* Medical care programs
- Hospitals, Colleges, and Museums (HCMs)
 - fundraising advantages, 28–30
 - traditional nonprofits, 25, 27
- Housing assistance programs
 - demonstrating importance to community, OVP example, 128–130
 - value of cost savings to society, 93–95
 - value of services delivered, 91, 92
- Individuals, statistics on giving, 3–6
- Input-output multipliers, 11, 12, 107–110
- Inputs
 - logic model, 51
 - money as, 71
- Internal Revenue Service (IRS)
 - Form 990, 13, 74
 - tax-exempt 501(c)(3) organizations, qualifying as, 15, 16
- Investment
 - implications of versus gift implications, 22
 - logic argument for nonprofit investment concept, 6, 7
 - and new terminology, 21
 - strategic investment initiatives, 121
 - terms, use of, 87, 88
- Investment chart, 45, 46
- Investment-driven fundraising
 - and motivation pyramid, 45–49
 - nonprofit and for-profit funding compared, 44, 45
 - and reporting to investors. *See* Reporting to investors
 - “silver bullet” syndrome, 56–59
 - and use of investment terminology, 87, 88
 - volunteer model compared, 43, 44
- Investor Pyramid, 45
- Investor relations, 88, 114–116
- Investors
 - examples of, 9, 10
 - leverage of, 26
 - and new terminology, 21, 33
 - reinvestment, 118, 120, 121
 - reporting to, 75, 88, 113, 114, 117–120
- Leader to Leader Institute, 84
- Logic argument for nonprofit investment concept, 6, 7
- Logic model, 51–56
- Marketing, 58
- Medical care programs
 - large, well-known program, OVP example, 132–134
 - rural health care organization, OVP example, 126–128
 - small rural community health organization, OVP example, 123–126

- Medical care programs (*Continued*)
 value of cost savings due to prevention,
 93, 94
 value of services delivered, 90, 92, 93
- Metrics
 for-profit versus NPO, 34, 35, 40
 performance measurements,
 70–72
 private sector, 70
- Misconceptions, fundraising,
 35–38, 40
- Mission
 and delivering outcomes valued by
 investors, 41, 42
 fulfilling mission relative to resources
 as measure of nonprofit, 72, 73
 and OVP, 68
- Modus ponens logic, 6, 7
- Motivational pyramid, 45–49
- Motivations for giving
 “people give to people, not causes,”
 36–39
 reasons, list of, 24, 25
 “what’s in it for me?” (WIIFM), 10,
 11, 23, 25, 26, 44, 76, 82, 87, 121
- Motivations of stakeholders, 80, 81
- Multipliers, use of, 11, 12, 55, 56, 107–
 110
- Net present value, 101, 102
- Newsletters as means of reporting ROI,
 117, 119
- Nonprofit funding model, 44, 45
- Nonprofit investment concept, 7, 33–42
- Nonprofit organizations (NPOs)
 as a business, 35, 36
 differences between for-profit entities
 and, 11–16, 71
 and new terminology, 21
 number of, 4
 similarities with for-profit entities, 3,
 8, 34, 36, 44, 45
 ubiquitous nature of, 7, 8
 “Nonprofits can’t be run like a business”
 misconception, 35, 36, 40
- Nonreligious nonprofits, statistics on
 giving and revenues, 4–6
- Nontraditional NPOs, 28, 30, 39
- NPO (nonprofit organization). *See*
 Nonprofit organizations (NPOs)
- Objectivity in reporting results,
 116
- Omidyar, Pierre, 74
- Omidyar Network, 74
- Opportunity cost, 23, 68
- Organizational test for 501(c)(3)
 organizations, 15, 16
- Organizational Value Proposition (OVP)
 areas of focus, examples, 88–98
 communicating organizational value,
 69, 70
 Economic Value Added (EVA)
 compared, 67, 68
 examples, 123–145
 and focus on providing value to
 investors, 69
 intended uses for metrics, 75, 76
 obstacles to developing nonprofit
 metrics, 72–74
 origin of, 67
 qualitative and quantitative methods of
 demonstrating value, 79
 steps to demonstrate value, 80–88
- Outcomes
 defining, 81–83
 Investable Outcomes, 22
 logic model, 52–56
 measuring, 52, 53
 outputs distinguished, 24, 81
 translating into specific benefits, 84–
 87
 value of, 72
 value of, example, 55, 56
 value of, need for including,
 53, 54
 variability of outcome and risk, 62–64
- Outputs
 defined, 81

- and emotional approach, 23, 24
- input-output multipliers and
 - economic impact of nonprofits, 11, 12, 107–110
 - logic model, 51, 52
 - measurements, 52
 - money as, 71–72
- OVP. *See* Organizational Value Proposition (OVP)
- “People give to people, not causes,” 36–39
- Peter F. Drucker Foundation for Nonprofit Management, 84
- Pfeiffer, George, 36, 38
- Political test for 501(c)(3) organizations, 16
- Present value
 - capital budgeting, 101–105
 - cash flow calculations, 100
 - discount rates, 100, 101
 - future benefits, 105–107
 - net present value, 101, 102
 - use of calculations, 99
- Private foundations, 70
- Private sector, 70
- Profit motive, 15, 16, 71
- Program revenues, 4
- Public sector, communicating
 - organizational value, 69. *See also* Government funding
- Reasonableness test, 116
- Red Cross, 5, 6
- Regularity, reporting results, 116
- Relative value, 84, 85
- Religious organizations, statistics on giving to, 4
- Reporting to investors, 75, 88, 113, 114, 117–120
- Results, emphasis on as paradigm shift, 22, 23
- Return on investment (ROI)
 - defining, 59
 - and fundraising misconceptions, 35–38, 40
 - and investor leverage, 26
 - and new terminology, 21, 33
- Return ratios, 110, 111
- Revenue, sources of, 4
- Ringer, Robert J., 76
- Ripple effect, 11, 56, 58, 89, 107–110
- Risk, 62, 63
- Rural loan program, value of services, 90, 91
- Salvation Army, 5, 6
- Sarbanes–Oxley Act, 20
- Self-interest as economic principle, 19, 20. *See also* “What’s in it for me?” (WIIFM) motivation
- Service delivery value, 89–91
- Shareholder wealth, maximizing as goal of business, 40
- Silver bullet syndrome, 56–59
- Smith, Adam, 19
- Social services
 - outcomes, defining, 82, 83
 - specific benefits, 86, 87
 - value of services delivered, 91–93
- Special event programs as means of reporting ROI, 117, 118
- Strategic investment initiatives, 121
- Strategic planning and need for nonprofit metrics, 75
- Surveys, stakeholders, 80, 81
- Sustainability
 - funding, 8
 - as nonprofit trend, 27, 28
 - strategic investment initiatives, 121
- Sustainability Plans, 22
- Sutton, Robert I., 61
- Tax-deductible contributions, qualifying for, 15, 16
- Tax reduction as reason for giving, 25

- Terminology
 investment terms, use of, 33, 87, 88
 and paradigm shifts, 20–26
- Traditional nonprofits, 25, 27
 fundraising advantages, 28–30
- Transparency, 20, 87
- Value
 absolute, 86
 business impact, 95–97
 cost savings, 64, 65, 93–95
 customers, primary versus supporting,
 84, 85
 and defining ROI, 59, 60
 demonstrating, 80–88
 determining, 60–62
 economic impact, 97, 98, 110, 111.
See also Economic impact
 expected value, 62–65
 importance of to investors, 3, 8
 investors, examples of, 9, 10
 multipliers, use of, 11, 12, 55, 56, 107–
 110
 of organization as an entity, 88–89
 present value calculations. *See* Present
 value
 qualitative and quantitative measures,
 79
 relative, 84, 85
 return ratios, 110, 111
 service delivery values, 89–91
 social outcomes, 91–93
 societal costs, reduction in,
 93–95
 value versus values, 10, 11
- Values
 alignment of with investors,
 9, 10
 value distinguished, 10, 11
- Volunteers and fundraising, 43, 44
- Watchdog groups, 68, 74
- “What’s in it for me?” (WIIFM)
 motivation, 10, 11, 23, 25, 26, 44,
 76, 82, 87, 121
- Youth programs, OVP example,
 130–132