



2011 Northeast Family
Strengthening Conference

From Fundraising to Value-Raising: *Thrive in a Return-on-Investment World!*



Presenter: Bernice Sanders Smoot, Principal

SAINT WALL STREET LLC

Where Good Programs Become Great Investments!

The State of America's Children

- *Every 11 seconds* a high school student drops out.
- *Every 19 seconds* a baby is born to an unwed mother.
- *Every 19 seconds* a child is arrested.
- *Every 32 seconds* a child is born into poverty.
- *Every 41 seconds* a child is abused or neglected.

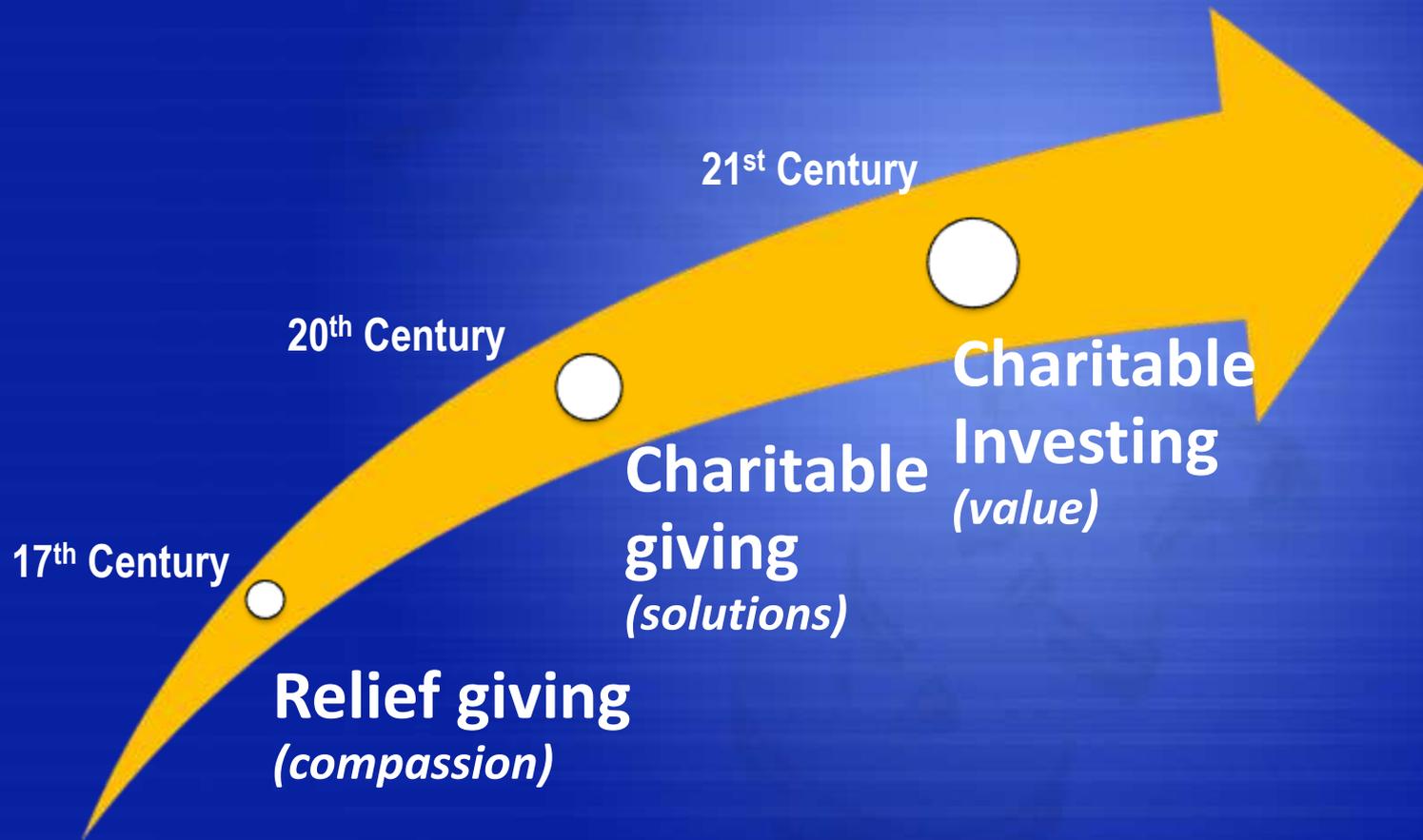
Source: Children's Defense Fund

Key Points



- *The philanthropy paradigm has shifted.*
- *Those who adapt accordingly will attract sustainable support for their work.*
- *Those who do not adapt accordingly will soon work for someone who did.*

The Evolution of Fundraising



Charitable Investing



President Obama:

“We’ll invest in those [programs] most likely to provide a good return on our taxpayer dollar.”

Council on Foundations:

Efforts to increase their role in serving the common good now includes “improving assessment of the public’s return on investment in philanthropy.”

Wealthy donors:

58% say they would give more if they could determine the impact of their donations.

Nonprofit Death March

Most social-service nonprofits
die between 5-9 years* of age.

Process:

- Fail to meet funding objectives.
- Fail to gain “valued” recognition.
- Mis-spend time and money.
- Reduce workforce.
- Cut services.
- Close doors.



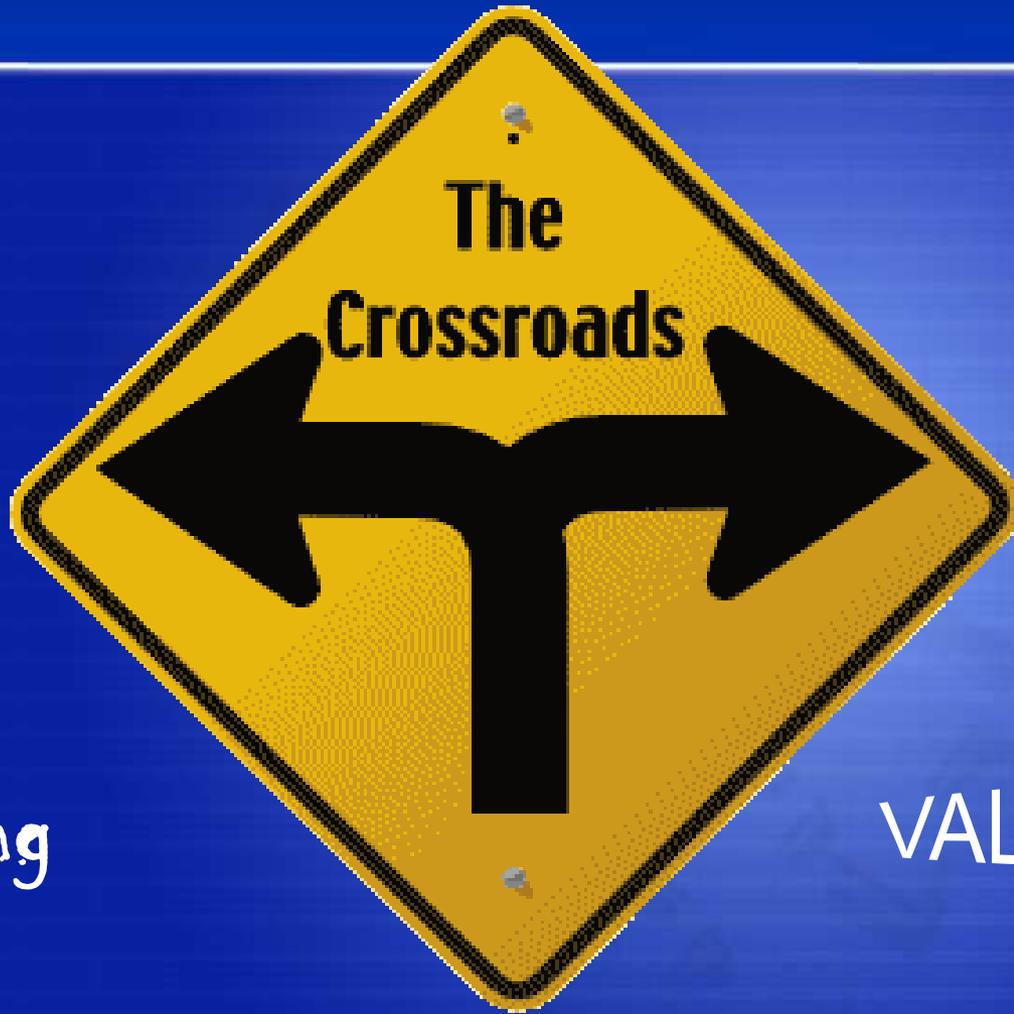
Source: E.C. Twombly, Nonprofit and Voluntary Sector Quarterly, 2003



*I took care of my problem.
Now, what about yours?*



Lesson learned



Most
Traveled
Path to
Funding:

Fundraising

Most
Promising
Path to
Funding

VALUE-raising



Sustainability Logic Model

Value-raising

- **Creative Destruction**
- **Asset Leveraging**



Take charge!

Transition from change agent to
change leader.



Success Formula



Creative Destruction



Replace what's no longer valuable with what is.



Take charge!

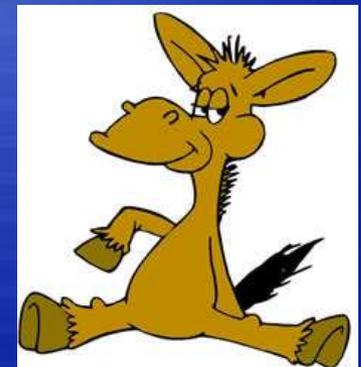
Replace what's no longer valuable
with what is.



Asset Leveraging



Think:
Assets
to
Income



BABY DADDY



$\$38,000/\text{yr} \times 18 \text{ yrs} \times 2 =$
 $\$1,368,000$



$\$38,000/\text{yr}.$
 $\times 18 \text{ yrs} =$
 $\$684,000$



$\$30,000/\text{yr.} \times$
 $20 \text{ yrs} =$
 $\$600,000$

$\$3,660,000.00$
(Social Cost)



$\$56,000/\text{yr.} \times 18 \text{ yrs}$
 $= \$1,008,000$

Outcomes to Impacts



- **Employment:** tax contributions, consumer spending, reductions in government social-services costs, home equity protection
- **Education:** higher earnings, reductions in crime/violence, out-of-wedlock childbirths, other anti-social costs
- **Parenting:** increased child-support payments & child well-being, marriage/greater financial security
- **Financial:** money management, wealth building, home buying, insurance
- **Pre/post reentry:** reductions in infractions, recidivism, victims' compensation, adjudication costs, generational cost impacts
- **Addiction Treatment:** wage retention, reduced medical, crime, and incarceration spending
- **Mental/Physical/Spiritual Healthcare:** reductions in medical care, insurance payouts associated with domestic abuse, child abuse, depression, avoidance/reduction in crime and violence costs

Take charge!

Prove as investment worthy
as you are.



Revenue Potential



<i>Mortgage industry (2009 originations)</i>	\$2 Trillion
<i>Financial planning market (35,000 companies)</i>	\$200 B
<i>Insurance industry</i>	\$110 B
<i>Corrections industry</i>	\$47 B
<i>Foundation grants</i>	\$41 B
<i>Charitable giving: human services</i>	\$26 B
<i>Charitable giving: health</i>	\$21 B
Fed funding: Military Family Support	\$1.9 B
Fed. funding: Reentry	\$114 M
Fed. funding: Fatherhood/Marriage	\$150 M

Sources: Mortgage Bankers Association of America, Giving USA 2009, Hoovers Industry Reports, US Dept. of Human Services, Pew Charitable Trusts, Market Research, U.S. Department of Defense, Reentry Policy Council, Council of State Governments

Market Value

Healthy Marriage,
Fatherhood or other
Family Program

Child/Family Dynamic

\$ Child/Family Well-being
\$ Public Safety
\$ Economic Development



Kanawha Institute for Social Research & Action



West VA faith-based program producing 46 college graduates:

- Earnings power: \$2.1 million/yr. (based on national average salary of \$46,000/yr. for graduates vs. \$23,150/yr. for dropouts).
- State income tax gains at 6%: \$126,000/yr.
- Unemployment compensation savings: \$19,500/mo.
- Welfare savings: up to \$55,866 in federal & state entitlements, *per year, per* single mother with two children.
- Crime and incarceration savings: \$1.3 million/yr. (average \$29,000/yr. per offender), plus \$5,000-\$25,000 victim compensation savings.



Take charge!

Relate to what stakeholders value.



Sitting on a Gold Mine



The Ridge Project



- *Board members contribute*
- *Staff donate*
- *Incarcerated fathers co-invest*
- *Community programs are collaborators*



- 60% lower infraction rate inside the prison walls among program participants.
- 17% recidivism rate at one year (compared to average of 44% rate at one year).

Take charge!

Turn resources into
revenue streams.



Program Return on Investment™

- ✓ Grassroots-friendly approach to demonstrating returns on investment facilitated by critical social services.
- ✓ The proven way for challenged social programs to increase support, year after year. **(\$10 million & counting!)**
- ✓ The relationship-builder's tool for building relationships that pay.



PROI Calculator

Value Indicators



Responsible Youth

- risky behaviors avoidance
- out-of-wedlock pregnancy and STDs avoidance
- high-school completion
- employability (no criminal record)
- obesity avoidance/reduction
- volunteerism



Responsible Adults/Marriages

- workforce readiness
- employment and income/career growth
- asset accumulation
- addiction recovery
- pre-marital education completion
- marriage attainment
- domestic violence reduction
- volunteerism



Responsible Fatherhood & Parenting

- pre-natal care
- family violence and child abuse avoidance
- early childhood education attainment
- child support satisfaction
- school attendance
- reading proficiency by third grade
- on-time grades advancement
- obesity avoidance/reduction

Poor Leadership Costs!



Change Leaders Academy

The Business School for Sustainable Nonprofits

Uniquely features the proven PROI approach to master the 3 Ms of Sustainability:

- **Management.** *Value-driven Leadership Development for Board Members & Executive Directors*
- **Marketing.** *Making a Compelling Case for Government, Community & Business Support*
- **Money.** *Building and Sustaining Relationships with Charitable Investors*

*Customized to suit social services type(s) and state.



PROI Value Raisers' Pledge



*A handout we shall no longer seek.
Instead, we'll let our **value** speak.
From this shall ample funding speed,
'til no more families are in need!*



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