

How to Prove Nonprofit Impact With SROI

Making Your Nonprofit SROI Memorable

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All nonprofits are data collectors. Successful organizations know how to turn that information into messages and images that win over supporters. One method they use is SROI.

What Is SROI?

SROI is the acronym for [Social Return on Investment](#), a relatively new and exciting tool for communicating your nonprofit benefits to the community.

According to [The New Economics Foundation](#), SROI “captures social value by translating outcomes into financial values.”

SROI has been most frequently used in Europe, where it comes from the financial sector. ROI ([Return on Investment](#)), a performance measure used by investors, calculates “the rate of revenues received for every dollar invested in an item or activity.”

SROI is similar to ROI but shows the double bottom line: the financial impact AND the social impact of your nonprofit’s work. SROI helps you determine **the cost of what would happen if your nonprofit did not exist.**

How SROI Works



You use the following general formula to calculate SROI.

$$\text{SROI} = \frac{\text{Tangible} + \text{Intangible Value to the Community}}{\text{Total Resource Investment}}$$

Total Resource Investment

How much does the problem you address cost society in financial terms? Using research results from the [peer-reviewed literature](#), determine the intangible and tangible costs avoided or benefits gained from your nonprofit's work.

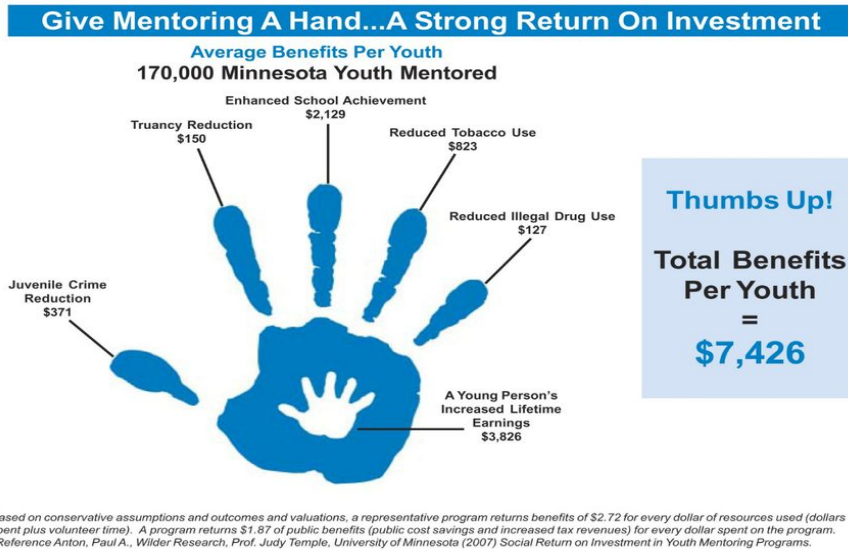
For example, researchers have determined the average cost of a single case of child abuse or the benefits obtained from one person leaving homelessness. You can use those figures to show costs avoided if your nonprofit prevents child abuse or helps one person regain permanent housing.

Then you place those values against the value of your nonprofit's investment and outcomes. How much does it cost to run your programs? What [outputs \(number of people served\) and outcomes \(how their lives changed\) do you capture?](#)

You enter all of that data into a spreadsheet. Then using the calculation above, you do the math. You should have a group of knowledgeable professionals review your SROI to catch faulty logic or assumptions.

Once verified, communicate your SROI to current and potential donors, grant makers, and other stakeholders.

Turning SROI into Talking Points



As esoteric as calculating the SROI seems, it's pretty easy to translate into ways to communicate your nonprofit's value to grantmakers, such as [foundations](#) and other supporters.

For instance, you can translate your SROI into messages such as these:

- Every \$1 invested in My Generic Nonprofit saves [insert SROI] in community resources.
- Program X is more sustainable/better/has a more significant impact than other programs because of [insert SROI].
 - If My Generic Nonprofit's work prevents the loss of just one teenager to texting and driving, it saves our community [insert SROI] in health care and lost productivity [and other areas where social costs are avoided or benefits gained]. It also saves the life of one precious child [insert picture of a precious child.]

Use the SROI as part of your persuasive, logical argument for funding. You can use images, graphics, or [infographics](#) to make your funding appeals dramatic. Use this messaging in [annual reports](#), [case statements](#), direct mail campaigns, media campaigns, and social media.

An Illustration

Here's how one nonprofit used SROI.

The [Mentoring Partnership of Minnesota](#) has been using SROI for years to build its case for support. For instance, here is what it said in one report:

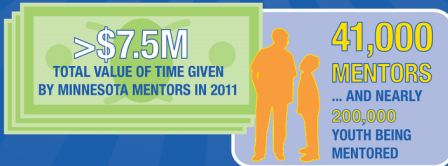
“Social Return on Investment (SROI) studies conducted by the Wilder Research and the University of Minnesota found that the Mentoring Partnership has a \$2.72 SROI for every dollar spent on programs, and comprehensive Youth Intervention Programs have a \$4.89 SROI for every dollar spent.” - Mentoring Partnership of Minnesota

The organization has also translated that data into useful infographics over the years. They are used very effectively for grantmakers and even for more general public use.

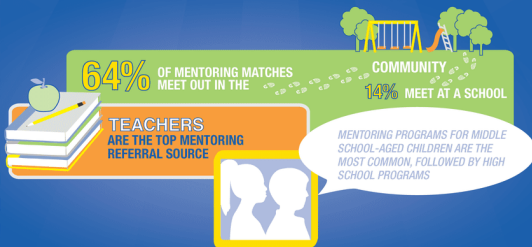
How to Improve Your Credibility with SROI

THE STATE OF MENTORING IN MINNESOTA

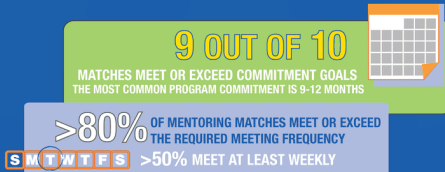
IMPACT: MINNESOTA MENTORS MAKE A DIFFERENCE



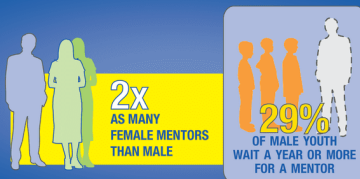
CONNECTIONS: HOW AND WHERE MATCHES MEET



COMMITMENT: INVESTED MENTORS EXCEED GOALS



GENDER GAP: MINNESOTA NEEDS MORE MALE MENTORS



OPPORTUNITY: THOUSANDS OF MINNESOTA YOUTH NEED A MENTOR



Source: Mentoring Partnership of Minnesota
Infographic by MCAD Design Initiative

Why You Should Care about the SROI

In a world where the grant seeking competition has never been more significant, calculating your SROI can give you a competitive edge.

How? It illustrates the four facets of your nonprofit that are important to any donor or grant maker.

1. Your credibility – your nonprofit knows how to communicate its impact
2. Your capacity – to invest resources in calculating the SROI
3. Your evidence – the SROI proves that you collect and manage data and know how to interpret that information to sustain your work.
4. Your sustainability – the SROI is a phenomenal communication tool for fundraising (especially with donors or grantmakers in the financial sector).

SROI may seem daunting at first, but it will pay off by raising more funds for your nonprofit.