

ROI is a measurement tool that evaluates an investment's efficiency. To calculate it, use this formula:

$$\text{(Gain from Investment - Cost of Investment)} \div \text{Cost of Investment} = \text{ROI}$$

STEP ONE:

Determine the cost of your program/project/event. Determine the gross gain from your program/project/event (revenue). You can use the formula above to determine ROI.

STEP TWO:

ROI can be used to track:

- Programming
- Marketing
- Fund-raising activities
- Economic impact

This is great data to inform future programming, projects, and events. The higher the ROI, the greater the success. Tracking ROI can also help to create budgets for projects moving forward.

STEP THREE:

Nonprofit organizations can articulate a project's dynamic value proposition and make the case for support all the more compelling. This is where the social return on investment, or SROI, can make a difference. This measurement captures a double bottom line of social value and financial value.

The SROI formula is:

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

STEP FOUR:

You will analyze the outcomes of your work and translate the "intangible value" into financial terms. Think through measurable indicators of your outcomes, including test scores, attendance, digital activity numbers, and so on. Be sure to use the same units throughout your calculation.

STEP FIVE:

Be consistent with how you track SROI. This is valuable data to share, but you must be able to provide logical and consistent measures to support the outcome.

With this data in your toolbox, you can research proxies and begin to put a dollar value on each indicator of each outcome. You can also use any external factors that may have impacted your results (a new law, nationwide trend, natural disaster) to help quantify.