

Achieving Cost-Savings with Volunteers

Jeffrey L. Brudney, Ph.D.

Albert A. Levin Chair of Urban Studies & Public Service
Maxine Goodman Levin College of Urban Affairs
Cleveland State University

Presented at the
Foundation Center
1422 Euclid Avenue, Suite 1600
Cleveland, OH 44115-2001
March 26, 2009

Cost-Savings versus Cost Effectiveness

Is “Cost Savings” the Right Word?

- Involving volunteers can help your organization to achieve a variety of worthwhile benefits:
 - Supplement staff resources, skills, and experiences, thus, adding value to the organization and its work
 - Further the agency mission both directly and through supporting the work of paid staff
 - Bring distinctive skills and added effort to the organization that would otherwise lie beyond its means
 - Allow quick reaction to changing needs or crisis situations
 - Experiment with new or pilot programs
 - Increase the quality of the services or programs you offer
 - Provide services you otherwise could not provide
 - Provide more detailed attention to the people you serve

“Cost-effectiveness” is a more accurate -- and more motivating -- word

- Strictly speaking, none of these activities actually save your organization any money
 - It is not as if you now have funds available that can be used for other purposes
- In addition, few, if any, volunteers donate their time with the intention of “saving money” for the organization
 - It is not a viable motivation
 - Volunteers consider it unethical to replace paid staff
- Moreover, if paid staff view themselves as competitive with volunteers, the very benefits that you are trying to achieve with volunteers will suffer

Cost-Effectiveness

- Instead of cost-savings, the involvement of volunteers allows organizations to extend and realize more benefit or return on the resources they have available
- Allocating resources so as to get the most productive use from them is called “cost-effectiveness”
- In evaluating cost-effectiveness, we must consider the economic value of the jobs/tasks performed by volunteers as well as the costs associated with involving them

Who is interested in the economic value of the volunteer contribution?

- The organization itself
- Board of directors
- Volunteers
- Grant-making institutions
- Other funders
- The local community
- The media

How does knowing the economic value of the volunteer contribution aid the organization?

- Assists in strategic planning
- Helps to build/strengthen the volunteer program
- Generates excellent public relations
- Assists in contract negotiations with funders
- Supports grant proposals and other funding requests
- Increases the motivation of volunteers in providing valuable services

Achieving Cost-effectiveness with Volunteers

- Many nonprofit organizations attempt to achieve cost-effectiveness by involving volunteers in such activities as:
 - Clerical
 - Intake
 - Maintenance
 - Support of paid staff
 - Direct service
 - Event staffing

“The New Volunteer Workforce”

“The New Volunteer Workforce”

- Eisner, Grimm, Maynard, and Washburn offer a complementary view for achieving cost-savings in “The New Volunteer Workforce,” *Stanford Social Innovation Review* (Winter 2009) available at: http://www.ssireview.org/articles/entry/the_new_volunteer_workforce/
 - “Nonprofits rely heavily on volunteers, but most CEOs do a poor job of managing them. As a result, more than one-third of those who volunteer one year do not donate their time the next year -- at any nonprofit. That adds up to an estimated \$38 billion in lost labor. To remedy this situation, nonprofit leaders must develop a more strategic approach to managing this overlooked and undervalued talent pool. The good news is that new waves of retiring baby boomers and energetic young people are ready to fill the gap” (p. 32).

“Mismanaging Volunteers”

Good volunteer management practices	Percentage of nonprofits that use practice regularly
Matching volunteers' skills with appropriate assignments	45%
Recognizing the contributions of volunteers	35%
Measuring the impact of volunteers annually	30%
Providing volunteers with training and professional development	25%
Training paid staff to work with volunteers	19%

Source: Urban Institute, *Volunteer Management Capacity in America's Charities and Congregations*, 2004. Cited in Eisner, David; Grimm, Robert T. Jr.; Maynard, Shannon; and Washburn, Susannah. "The New Volunteer Workforce." *Stanford Social Innovation Review*, Winter 2009, p. 34.

Capitalizing On Volunteer Talent

- The Strategy of the “The New Volunteer Workforce:”
 - “If nonprofit leaders want highly skilled volunteers to come and stay, they need to expand their vision of volunteering by creating an experience that is meaningful, develops skills, demonstrates impact, and taps into volunteers’ abilities and interests” (p. 35).
- Elements of the Strategy:
 - Rethink Work Roles
 - Assign Appropriate Tasks
 - Support and Train Volunteers
 - Strengthen Volunteer Administration
 - Use New Technology
 - Develop Strategic Plans

Volunteers Can Fill Important Roles

Nonprofits are using volunteers to fill important roles within their organizations, including the following:

- | | |
|---|---------------------------------------|
| ▪ Board of directors | ▪ Financial management and accounting |
| ▪ Strategic partnerships | ▪ Technology and information systems |
| ▪ Fundraising and development | ▪ Legal counsel |
| ▪ Organizational development and training | ▪ Administration support |
| ▪ Marketing and communications | ▪ Program and service delivery |

Source: "The New Volunteer Workforce," 2009.

Opportunity? Involving the Unemployed As Volunteers



The New York Times

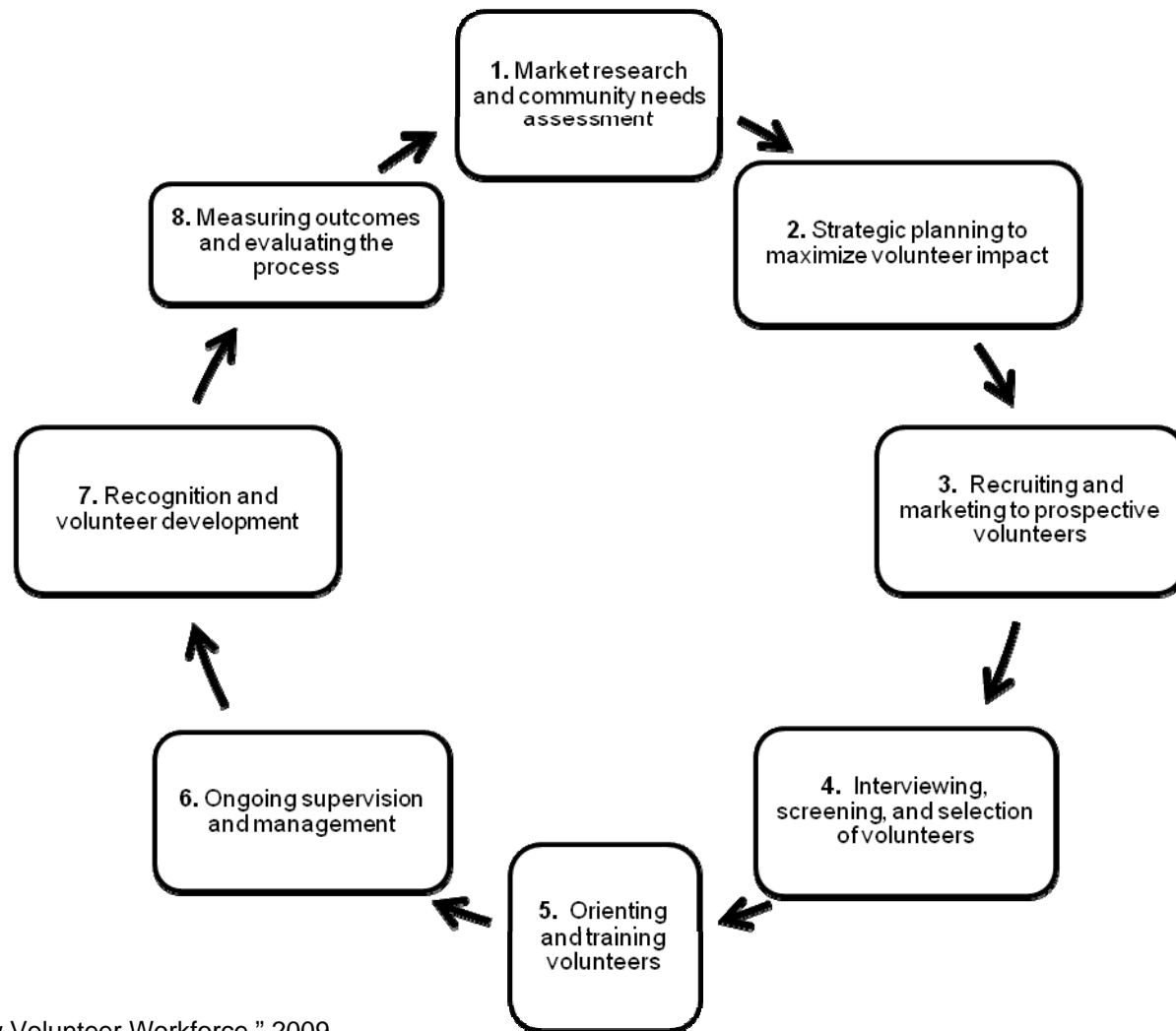
From Ranks of Jobless, a Flood of Volunteers

March 16, 2009



By Julie Bosman

Creating a Strategic Plan for Increasing the Economic Value of Volunteer Involvement



Source: "The New Volunteer Workforce," 2009.

Strategic Planning to Increase Volunteer Contribution

- Leaders in the nonprofit sector agree that strategic planning to increase volunteer impact is essential
- Yet, strategic planning is typically a neglected step in using volunteers effectively
- After redefining volunteer opportunities, the nonprofit organization must identify any system changes required to implement a “volunteer inclusive” human resource strategy

Critical Questions To Ask To Increase Volunteer Contribution

- What are the essential job functions required to achieve the organization's goals?
- What positions currently exist to perform those functions?
- How much time is required to perform each function?
- Which functions could be supported by volunteers?
 - Of these, where could volunteers make the greatest impact?
 - Where is a full-time paid staff person needed?
- Are there pro bono services that volunteers could provide in one or more areas that would enable the organization to increase volunteer impact?

The Methodology of Cost-Effectiveness For Volunteer Involvement

Calculating The Economic Value Of Volunteers

- To calculate the economic value of volunteers, you need two components:
 - Tracking of the hours contributed by volunteers
 - An estimate of the hourly dollar value of these activities
- Multiplying the number of hours volunteered times its dollar value provides an estimate of the economic value of contributed time

Calculating The Economic Value Of Volunteers

- Tracking and reporting hours volunteered calls for a system of volunteer administration
- Two principal methods are available for placing an estimate on the dollar value of volunteer time:
 - Using an average, overall estimated value, such as the annual estimate provided by the Independent Sector Organization at:
http://www.independentsector.org/programs/research/volunteer_time.html
 - Nationally, the estimated dollar value of a volunteer hour for 2007 is \$19.51
 - For Ohio, the estimated value of a volunteer hour for 2006 is \$17.53

Calculating The Economic Value Of Volunteers

- A more accurate method for cost-effectiveness analysis is to use an hourly dollar value estimate based on the actual job or work performed by the volunteers
- This procedure requires an estimate of the hourly dollar value for each of the jobs/tasks performed by volunteers for the organization
- This procedure places added demands on the volunteer management system because it requires job descriptions for each volunteer position and tracking of hours contributed for each position

How much is a Volunteer Job/Task “Worth” Economically?

- The U.S. Bureau of Labor Statistics provides the wage information by occupation and area (national, regional, state, or metropolitan) at:
<http://www.bls.gov/bls/blswage.htm>
- With this information, you can multiply the number of hours provided by volunteers for each job/task by the respective hourly dollar value, and sum the results across all jobs/tasks

Points of Light Institute: Economic Value of Volunteers Calculator

- The Points of Light Institute has a useful resource that helps you to calculate the economic value of volunteers at:
<http://www.pointsoflight.org/resources/research/calculator.cfm>
 - The resource asks you to specify the job title of the work performed by the volunteers, and the number of hours devoted to this particular job
 - The resource then provides the hourly dollar value for the particular job/task (you do not have to look it up), multiplies this value times the number of hours donated, and sums the results across all of the different volunteer jobs/tasks performed

Don't Forget the Costs of Volunteer Involvement for Cost-Effectiveness Analysis

- Cost-effectiveness analysis must take into account not only the benefits -- economic value -- of volunteer involvement but also the economic costs
- Costs of volunteer involvement include those associated with:
 - Volunteer administration
 - Training
 - Recognition
 - Screening
 - Space, equipment, supplies
 - Communications
 - Travel
 - Insurance

Thank you!

Jeffrey L. Brudney, Ph.D.
Albert A. Levin Chair of Urban Studies & Public Service

Maxine Goodman Levin College of Urban Affairs
Cleveland State University
1717 Euclid Avenue, UR 238A
Cleveland, OH 44115-2214

j.brudney@csuohio.edu
(216) 687-5269 (voice)
(216) 687-9342 (fax)