



3 Ways to Measure ROI on Charitable Contributions



It's a noble mission for any small business owner to donate time, money or resources to local organizations and charities.

"You've prospered and grown in the community, so why shouldn't you give something back to the community that has helped you flourish?" says Rick Smetanka, audit partner-in-charge with Haskell & White, an accounting and consulting firm in Orange County, Calif.

Giving back can be a mutually beneficial relationship for the organization and for your business. So it's important to make sure your contributions are worthwhile.

Here are 3 ways to measure your return on investment on charitable contributions:

Referrals

It's important to keep track of the business brought in due to your donation of time or money with local organizations. To increase referrals, Smetanka says you shouldn't be afraid to network with the organizations you support. If you own a CPA firm and like to work with IT-based companies, for example, ask the organization to

keep you in mind if they know anyone who your company can help.

Due to the possibility of referrals, Smetanka says it's important to train people in your sales office to ask any new business how they heard about you. "It's a very easy thing to track," he says. "A simple Excel spreadsheet can track leads resulting from charity work, and Microsoft Contacts can denote where and how the contact was made." You can also use a CRM system—a customer relationship management system—to track the sales generated by each client you acquire from a referral.

Coupons

Organizations often give out coupons to local businesses at an event or include them in a program brochure. Smetanka says to assign tracking numbers to your coupons. That way, when customers redeem them, you'll know which ones were given out through the charity. If you're placing an advertisement, include a line that says, "Mention [specific organization] and receive 15 percent off your first visit."

Tax Write-Offs

A charitable contribution is an important deduction to take. Paul Jones, a marketing consultant who blogs at CauseMarketing.biz, says making a charitable contribution a tax write-off is as simple as making sure you receive a letter from the organization that includes various relevant information such as its Employer Identification Number (EIN), the amount of the contribution you made and how the organization and any donations made to it is considered tax-exempt by the IRS.