The User/Giver Ratio:
How To Know If You're Satisfying Your Constituency

Serving your constituency. It's your organization's *raison d'être* … your mission. But how do you truly know if what you're doing is meeting their needs?

More and more nonprofits are beginning to use a novel tool — the User/Giver Ratio — to help measure how well they're matching up with their mission. Unlike traditional benchmarks, the User/Giver Ratio looks beyond revenues and fiscal health to reveal whether or not your constituency, whether endangered species or elderly Hispanics, is being properly served —a true measure of nonprofit effectiveness! The knowledge gleaned can then help with planning the future direction and activities of your organization.

How It Works

To begin calculating your User/Giver Ratio, you must first compute your organization's revenue sources, categorizing each as either coming from a "user" or a "giver." The difference between the two is found in their motivation for giving.

Users: This is the contributor who donates funds in expectation of receiving something of value in return. Trade association members, for example, are users. They pay their dues in exchange for the benefits of membership.

Givers: Givers are the classic philanthropists. They want to know that their donations are going to provide the intended support and will be spent wisely. These are also the contributors who positively glow when they find a thank-you note in the mailbox.

Now What?

Once your revenue is broken down into its respective categories and you've determined your User/Giver Ratio, your board can:

- **Assess whether your organization is providing each type of donor what it desires.** For example a government agency — a user — seeks compliance and proper documentation, not a cute thank-you note.

- **Determine which type of revenue — user or giver — you seek to increase.** If you find your organization is highly dependent on one type of revenue source (user or giver) you'll need to be particularly attentive to the needs of that source or learn how too develop the other source. An organization that seeks revenues from both constituencies may need two sets of marketing materials to speak to each constituency's hot buttons.

Contact our non-profit accounting team today for help in better tracking and identifying sources of revenue for your organization.