

AN INVESTMENT LETTER FOR MINNESOTA PHILANTHROPISTS

July 5, 2002

Dear Minnesota Philanthropist:

Within the next few days you will receive a complimentary first issue of "*An Investment Letter for Minnesota Philanthropists*." The notion of an investment letter that applies private sector performance measures to leading non-profit organizations has challenged my thinking for some time.

As one who spent his entire working career in the world of investments I have often been puzzled by our inability to apply "return on investment" concepts to those many non-profits that are so vital to our community and represent nearly 10% of Minnesota's workforce.

Clearly not every charitable organization lends itself to the advanced financial assessments we make when investing in the financial markets. However, some do, and where appropriate, this type of analysis might play the same type of "rewarding success" role it does in the private sector.

In addition to helping those of us who support many of our non-profits -- be they small, medium or large -- enhanced performance measures can help the non-profit tell its story in a more powerful way. Hopefully our legislators might begin to evaluate state programs using ROI analysis where appropriate. Wouldn't it be something if this same type of thinking could be projected onto the federal decision making scene?

The driving force for this type of enhanced performance evaluation must come from the "investor" just as it does in the for-profit world. "*An Investment Letter for Minnesota Philanthropists*" intends to pursue the use of performance measures for non-profit evaluation over the next two years. The goal is to publish an investment letter quarterly. Each letter would highlight one non-profit organization that lends itself to "ROI" analysis. Clearly we will be pushing the state of the art at times in creating models that lend themselves to this type of analysis. Some assessments may have a high degree of subjectivity.

If you would like to support this type of effort during its initial two-year phase you can contact me directly or write to "*An Investment Letter for Minnesota Philanthropists*", 2516 Chicago Avenue South, Minneapolis, MN 55404. We will be drawing upon the experience of several organizations as we publish, including the Charities Review Council of Minnesota, the Minnesota Council of Non-Profits, the United Way and the One Percent Club.

The initial series of investment letters will cover organizations that deal with workforce development issues. We begin here because of the critical shortage of skilled and semi-skilled workers facing our state over the next several decades!

Peter Heegaard, Editor