

Carnegie Results

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Carnegie Results is a quarterly newsletter published by Carnegie Corporation of New York. It highlights Corporation-supported organizations and projects that have produced reports, results or information of special note.

VolunteerMatch

An Online Service Helps Everyone Find A Great Place to Volunteer

At the height of the dot-com boom, Jay Backstrand, a young Silicon Valley insider with a social conscience, first witnessed the power of the Internet to get big groups of people involved in vital community causes. He dreamt of starting a Website to expand that human capacity long-term and nationwide, recruiting three of his best friends to help make it happen. It was the right idea at the right time, and in 1998 they launched VolunteerMatch—now the country's biggest, most popular Web-based volunteer recruiting service—which has since racked up more than 3.67 million referrals of "good people to good causes."

Citizen involvement is the lifeblood of democracy, most Americans would agree. Millions of us do our bit for causes ranging from literacy to homelessness, health care to the environment, the arts, immigration and hunger to animal rescue and domestic violence. Yet even with volunteering reportedly at a 30-year high, 70 percent of Americans are still watching from the sidelines, while two-thirds of the country's 900,000-plus nonprofits struggle to find the volunteers they need. The online recruiting service VolunteerMatch (www.Volunteermatch.org) aims to fill this need with best-in-class technology and resources that make it easy to connect people with opportunities that

suit their passion, motivating them to get out and make a difference. Carnegie Corporation, (along with Atlantic Philanthropies and the David and Lucile Packard, Surdna and John S. and James L. Knight foundations) was an early supporter of the cutting edge nonprofit, providing \$800,000 to help get the enterprise off the ground and adding another \$150,000 several years on to fund its efforts to become self-sustaining.

This issue of *Carnegie Results* traces the development of VolunteerMatch from home-based start-up to nationwide network, with opportunities in every zip code in the U.S.A.. Now located in downtown San Francisco, the two-time Webby Award winner, named one of *Time* magazine's top-ten Websites in 2007, has 1.8 million registered members and averages over 54,000 active volunteer opportunities on any given day. Its single, scalable network enables communication and collaboration among volunteers, community service organizations and socially responsible businesses. With just a few clicks, volunteers can find local opportunities to match their strengths; organizations can vastly reduce the cost and challenge of volunteer recruitment and businesses can help employees get involved in their communities. Many of the country's most recognized charities are among the service's 59,800-plus nonprofit members: American Red Cross, National MS Society, Peace Corps, Easter Seals, Girl Scouts of the USA, Senior Corps, America's Second Harvest and Habitat for Humanity, to name a few. Today the network also includes more than 60 corporate partnerships—businesses using the service to link their employees with local charities.

Closing the Gap

The VolunteerMatch story starts with a question:

What prevents millions of would-be volunteers from getting involved in causes they care about? Conventional wisdom suggests apathy is the answer: people don't volunteer because they don't care passionately enough. But research in the field points to a lack of information about volunteer opportunities as the most significant drawback for individuals. Connecting with the right organization or volunteer opportunity can be a time consuming and frustrating experience. People have to find out which organizations address causes they are interested in, learn when specific events are happening and where to report to help out. Faced with this bureaucratic challenge, many individuals simply opt out.

At the same time, most nonprofit organizations are focused solely on their missions and cannot afford the time or resources it takes to get more people involved. Advertising and recruiting are costly and hard to justify when there are more urgent needs to be met. As a result, no matter how hard they work, nonprofits often miss out on the support of willing and able individuals in their own communities. In addition, many nonprofits have been slow to adopt technology-based solutions that could help them to access volunteer resources right in their communities. In short, there is a longstanding knowledge gap between worthy organizations that need help and individuals who want to provide that help.

The founders of VolunteerMatch were aware of that gap and were determined to close it. They began with the assumption that every person has talents, skills and assets to offer. At the same time they recognized that even though people want to commit to a cause, significant communications barriers discourage them from getting involved. They decided to take a fresh approach to solving the problem and, instead of trying to convince people of the virtue of volunteering, they drew

on their Internet expertise to make it easier for would-be volunteers to leap the usual barriers and find the right opportunity. All they needed to make their high-tech approach possible was funding—which brought them to Carnegie Corporation.

“Supporting VolunteerMatch was a no-brainer,” says Cynthia Gibson, who at the time headed a Carnegie Corporation program dedicated to strengthening nonprofits. Helping to build a volunteer work force, in this case using the power of the Internet to bring together would-be workers and understaffed nonprofits, was clearly aligned with programmatic goals. When the VolunteerMatch team presented their idea, “They blew me away!” Gibson recalls. “It was one of the first times I’d been presented with a real business plan: the whys, the hows, projections for the next five years, benchmarks—they had it all. Even a PowerPoint. For every question that was fired at them, they had an answer that was really thoughtful. I’d been in the nonprofit sector long enough to develop an intuition about these things. It was clear to me this idea was meeting a need that was out there. Here was a service that was cost efficient and user friendly. It was especially good for small nonprofits, which are always under resourced, because they could use the site to market themselves.”

Jay Backstrand headed up the team that wowed Gibson, having left a full-time position at Sun Microsystems to turn his dream of an Internet-based nonprofit into a reality. Backstrand’s first taste of Web/community synergy came in 1996 when he was a key organizer of NetDay, a community service initiative sponsored by Sun, which mobilized 25,000 volunteers to connect nearly 3,000 California schools to the Internet in a single day. “Coming from Palo Alto I was already well aware of the Internet’s potential,” he says, “and I was

also interested in giving back to the community. I was lucky to be working in the Internet when it was taking off as a consumer application. It just clicked that it could help people like me who wanted to volunteer but found it difficult to determine where to go.”

Backstrand’s co-founder was grad school friend Craig Jacoby, who also gave up his job with San Francisco law firm Cooley Godward to join the project. Both were passionate about the idea and had been working from home mornings, nights and weekends—until 1998 when they decided to change careers and become full-time entrepreneurs. In 1999, Greg Baldwin, a friend from Backstrand’s undergrad days at Brown University, who had worked for the Leo Burnett advertising agency before founding his own technology startup, joined the team to hotwire the site. So did fellow Brown alum Andrew Smiles, who had directed Community Impact!, a college access program for Washington, D.C. high school students, and who came on board to head the fundraising efforts. “By 2000 we had raised significant capital, hired peripheral staff and started out to prove our idea worked,” Backstrand recalls. “But it turned out to be much bigger than I had ever thought about at the time.”

At its core, VolunteerMatch is a national database of nonprofit organizations and their current volunteer openings. To recruit volunteers, organizations first register with VolunteerMatch by providing basic information about their organization’s mission, management and tax-exempt status. Once approved, they have 24-hour, password-protected access to their account to publish volunteer opportunities on the network, providing details about purpose, time commitment, skills requirements and logistics. A built-in email system allows interested volunteers to respond to opportunities by notifying the non-

profit organization's contact person. This basic package of free services is available to all non-profit members, and can be upgraded to various levels of fee-based subscriptions, which include enhanced listings and more extensive administrative tools.

People who want to volunteer can simply log on to the site and enter their zip code plus a keyword for their preferences, such as causes they care about, kinds of work they want to do and time availability. In seconds they receive a personalized list of volunteer opportunities that match their search criteria. They're put directly in touch by email with the nonprofit they choose, enabling them to make the initial connection leading to a volunteer relationship. All of these services are free for volunteers. Besides its recruitment service, the site provides additional content such as advice for first-time referrals and space for experienced volunteers and nonprofit representatives to share their inspiring stories. Recently added enhancements to the site include user-generated reviews and recommendations for specific volunteer programs, search maps to help volunteers find where nonprofits are located and RSS subscriptions to track volunteer opportunities by cause or by organization.

Growing the Business

In one sense, the timing of the VolunteerMatch strategy was exactly right, according to Cynthia Gibson. "The business perspective was coming into play for nonprofits, and that was their strength." With years of for-profit experience, the leadership team had the know-how to establish a clear and comprehensive business plan with quantifiable goals and outcomes, and were able to undertake strategic efforts toward becoming financially self-sustainable while developing rela-

tionships with potential competitors early on. As a result, they could attract a rapidly growing group of users along with a diverse set of investors and funders. They adopted an ambitious approach toward expansion and service improvements, routinely seeking new ways to increase nonprofit participation, to build civic engagement by growing the number of volunteers who use the service and to enlarge the revenue stream to ensure sustainability.

"Our dream was to build a nonprofit along for-profit lines," Backstrand explains. "We wanted to create an organization that could hire talented folks and pay them well over time. We wanted it to be a long-term career for them, not a one-year nonprofit stint before they went back to their 'real jobs.' We were trying to build a new type of organization that could raise money, generate revenue, hire and pay, using our business as much as our technological skills." Growing up in the start-up culture of Silicon Valley meant entrepreneurship came naturally to Backstrand, who wanted to build a "an organization as good as any other across a set of metrics, including finance, where nonprofits often don't compete." It was vital for VolunteerMatch's money to be spent wisely, he explains, since their main competition came from for-profit entities. "We were always trying to partner with the competition rather than getting squashed by them. We offered them the customer option rather than being competitors. Because of our limited revenue model, the partnership route was great for them, and still is today, which is why we're teamed up with sites like Google and MySpace."

A substantial set of challenges faced the young founders trying to get their project off the ground. Raising the first \$75,000 was "really tough," according to Backstrand, because foundations are

not set up to provide funding for an unproven idea. “Hiring was tough too,” he says. “The Internet was exploding in 1999 and there was virtually nobody to hire, especially without stock options. In part, this reinforced the need for good pay, since we wanted workers to come and build value and stay. It’s unnerving to lead an organization while trying to innovate on many levels—capital, recruitment, competition, governance—all at the same time,” he points out. “The team felt like they were breaking new ground on every front and it took a lot of thought: it wasn’t just a matter of making a product and going out to sell it.” Unlike typical Internet start-ups, they weren’t building a site in hopes of selling it off to a big company. “Luckily Carnegie Corporation and others were willing to buy in so we didn’t worry about going out of business month-to-month,” he adds. “Without that level of philanthropic support I don’t know if we could have thrived the way we did.”

Since 1998 there has been an average 58 percent growth rate per year in the number of nonprofits using VolunteerMatch as their Internet doorway and personal recruiting service. These organizations gain efficiency as they adopt the site’s Web-based management tools, increasing their capacity to engage their communities in their missions. VolunteerMatch also offers nonprofits a critical marketing channel to deliver their social message to new audiences and to solicit donations through the tracking tools the service provides. Research indicates that eventually most volunteers become one-time, then annual donors (more than one-third of the site’s users now donate to participating nonprofits); eventually some become members, advocates and may even serve on the board.

Major corporations depend on VolunteerMatch to manage their volunteer initiatives. In exchange

for a membership fee, VolunteerMatch provides companies such as Hewlett-Packard, Merrill Lynch, Google, Johnson & Johnson, Target, Dell, HGTV and Gap with customized Web services that link their employees with nonprofit organizations in the community. This revenue-earning component offsets a portion of VolunteerMatch’s activities and is critical to long-term sustainability. So is income from licensing fees charged to Internet portals and corporate partners that recognize the value of promoting volunteerism. These entities feature a customized version of VolunteerMatch on their sites or direct Web traffic to VolunteerMatch.org., offering new and improved ways for people to get out and do good in their communities.

VolunteerMatch distinguishes itself as a nonprofit by consistently applying established benchmarks in each of the organization’s key areas and sharing results via comprehensive quarterly reports distributed to supporters (an example appears on pages 6 and 7 of this report). It continuously fine tunes its method of calculating social return on investment (SROI)—the value of savings and volunteer hours the community receives compared to the amount spent building the service—an important tool used for self-evaluation. By the organization’s latest measure, that figure topped \$96 worth of community benefits for every \$1 investment in VolunteerMatch in 2007. “Our quarterly reports aren’t just to show our constituents how things have been going, they also have helped us set goals and understand what we inside the organization are trying to accomplish,” says Backstrand. “They really help move the needle. At the same time, they enable us to be collaborative and transparent, to build very tight relationships with our key funders. And when we’ve messed up we told them. Everything is in the report so there’s no big



QUARTERLY REPORT (Q2-08)

MISSION

To help everyone find a great place to volunteer.

MANAGEMENT OVERVIEW

In Q2, VolunteerMatch received a brand new look with several new and improved features to help make it even easier for good people and good causes to connect. We welcomed 1,616,323 unique visitors, delivered 35,039,155 pages of information, and added 111,630 new members bringing our registered user base to 1,760,634. Operating revenues were up 25% vs. Q2-07 to \$640,263, and nonprofit applications remained strong, pushing our registered nonprofit base to 59,035.

We welcomed 52 new clients this quarter, including Alibaba, Office Depot, Prudential, Nevada Volunteers, The Volunteer Center of Springfield, IL, Colorado Department of Human Services, Hagerly Insurance, Express Scripts, and three clients from the industrial/manufacturing sector, Deer Chemical, Cummins and United Technologies, Inc. With the year only half over, we've signed 21 new contracts for a total client base nearing 100.

On April 22nd, the leadership team hosted a successful Growth Capital Briefing in San Francisco, securing over \$1.5 million in new commitments to support the three-year plan to expand and enhance VolunteerMatch's capacity and long-term sustainability.

Thank you for your continued interest and support.

NEWS AND UPDATES



VolunteerMatch has added new and improved features to make it even easier for volunteers to get involved in their communities.

- Better Search & Match
- Ratings & Reviews
- RSS Subscriptions
- Search Maps

Boomer Volunteer Engagement, a new, innovative book written by Jill Friedman Fider and Sandie Eichberg, in partnership with VolunteerMatch, provides a step-by-step guide for engaging Boomers as volunteers to build organizational capacity. It contains everything nonprofits need to engage skilled Boomer volunteers.



Working with VolunteerMatch and Hands On Network Bay Area this May and June, Google and Charles Schwab both planned and executed successful Months of Service. Over 1,800 Google employees around the world signed up for a weeklong volunteering event, GoogleServe, participating in at least 65 community service projects around a common theme of environmental action.

charles SCHWAB
under the tagline "Seize the Day (Even more than usual)," engaged over 1,800 employees in 79 service projects across the country.



Easter Seals, a national nonprofit with over 550 locations that provides services such as medical rehabilitation, child care and early intervention, job training and employment, and adult and senior services for people living with autism and other disabilities, launched its partnership. VolunteerMatch is helping Easter Seals expand its volunteer recruitment efforts in communities nationwide.

Girl Scouts of the USA (GSUSA), the preeminent organization for girls, has partnered with VolunteerMatch to spread the word that adults who want to help girls build character and their leadership abilities, connect with others, and make the world a better place should consider becoming Girl Scout volunteers.

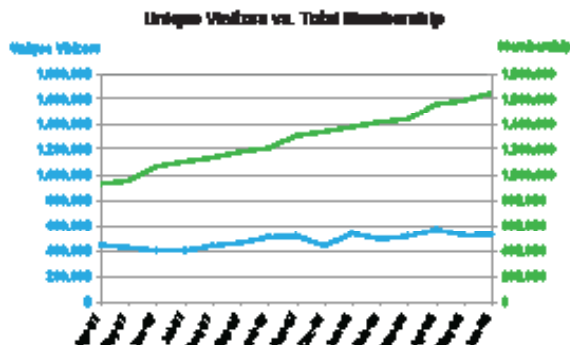


KEY METRICS

As of 6/30/2008		
	Change Q2	Total
Registered Members	111,630	1,760,634
Registered Nonprofits	1,692	59,035
Active Opportunities	1,885	52,808
	Q2 Total	YTD
Page Views	35,039,155	62,562,097
Unique Visitors	1,616,323	3,156,176
Referrals	158,301	303,444
Operating Revenue	\$640,263	\$1,336,809
Total Expenses	\$797,075	\$1,727,745

NETWORK USAGE

In Q2, 111,630 new users joined the VolunteerMatch network, bringing up the total network membership to 1,760,634. Unique visitors grew 26% this quarter vs. Q2-07 to 1,616,323.



FINANCIAL SUMMARY

Q2 operating revenue declined slightly to \$640,263 vs. the previous quarter, due to the recognition of 2007 deferred revenue in Q1, while operating expenses declined to \$797,075.



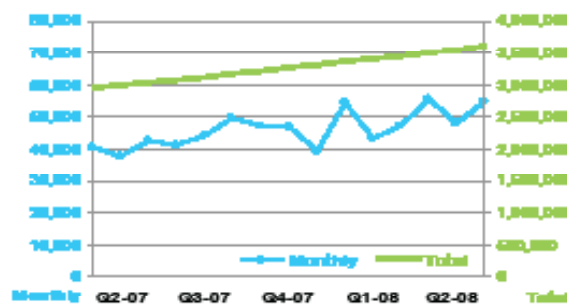
SOCIAL RETURN ON INVESTMENT (SROI)

SUM (Unique Volunteers/Year) (Ave. VM Hrs/Year) (5/11) =
SUM (203,434 VM users/Year) (24 Hrs/Year) (\$19.51/Hr) = \$35.6 million

In Q2, an estimated 203,434 users volunteered on average 24 hours at an organization they found on VolunteerMatch. At \$19.51/hr, this volunteer activity resulted in \$35.6 million in social value. When viewed in comparison to Q2 operating expenses of \$797,075, the ratio of social value delivered was 120-to-1. This means that for every \$1 invested in VolunteerMatch, our work produced \$120 in social value.

GOOD PEOPLE

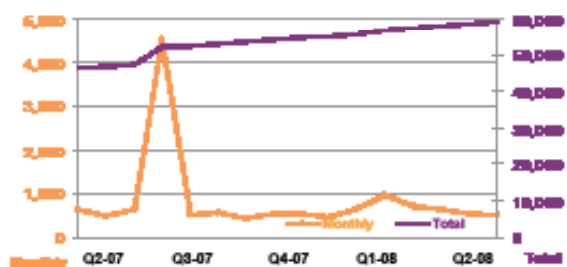
VolunteerMatch generated a record 158,301 referrals this quarter, the largest number of referrals for a single quarter in VolunteerMatch history. This reflects our continued success at building new partnerships, bringing about greater awareness through press, and making it easier for volunteers to do good in their communities.



	Total	Quarterly	vs YTD Goal	vs Previous Qtr
Q2-07	3,037,252	121,242	8%	7.4%
Q3-07	3,172,199	134,947	19%	11.3%
Q4-07	3,305,874	133,675	18%	(0.9%)
Q1-08	3,451,817	145,143	18.3%	8.6%
Q2-08	3,609,318	158,301	18.8%	9.1%

GOOD CAUSES

In Q2, nonprofit applications continued to remain strong, pushing our registered base of nonprofits up to 59,035.



	Total	Quarterly	vs YTD Goal	vs Previous Qtr
Q2-07	51,889	5,637	8%	12.2%
Q3-07	53,462	1,523	7%	2.9%
Q4-07	55,002	1,540	6%	2.9%
Q1-08	57,343	2,341	6%	4.3%
Q2-08	59,035	1,692	4%	3%

PRESS AND COMMUNICATIONS

Press circulation in Q2 was 12,387,035 from more than 158 articles and placements, resulting in \$568,541 in corresponding media value. Highlights included coverage in *Parenting Magazine*, *Riverside Press-Enterprise*, *Family Circle*, *Town & Country*, *Women's Health*, and *The Chronicle of Philanthropy*. In addition, a CNN news segment featured VolunteerMatch's new home page and several Spotlight articles in a piece about the trend in volunteer "daycares."

VOLUNTEER SPOTLIGHT



Joe Alcedo
RandomKindActs.com

Volunteering is changing, and Joe Alcedo's dream was to create a Web resource to help facilitate this trend, RandomKindActs.com.

Alcedo's own experience with volunteer service began at a VA hospital while he was in high school in Detroit. He says he has volunteered in "one form or another" ever since.

A husband and father of four, he believes it's incumbent upon him to raise good, caring children — which is one of the reasons he gives so much time to school activities and helps out whenever he can. "I am happy to say that my greatest interest is in my family, the health and well-being of my children in particular. It may sound corny but I'm okay with corny."

Speaking of family, one of Alcedo's inspirations has been his sister-in-law, Najah Bazy, a nurse and lecturer on Muslim-American issues who has been the subject of a PBS documentary. One of her social projects is *Praks for Taks*, a nonprofit that helps bury babies who are stillborn or die at birth in the Arab and Muslim community. Bazy also helps refugee women get counseling for domestic abuse and holds clothing drives that help many Iraqi refugees that have settled in Detroit.

Among his own goals is partnering with organizations that are "making a difference in how people treat one another in his community and around the world." He says that VolunteerMatch is a great example.

NONPROFIT SPOTLIGHT



Ann Forlin
Juma Ventures

Whether you call it social enterprise or nonprofit entrepreneurship, Juma Ventures is a stand-out example of a growing effort to nonprofit management to insert sound business planning into the heart of social change.

Juma gained national attention in 1994 when it was the first nonprofit in the country to be awarded a corporate business franchise — a Ben and Jerry's ice cream shop in San Francisco.

Six "businesses" later, Juma continues to provide jobs and business training for young people, allowing them to save money for college or support themselves while planning a positive financial future.

Bay Area resident Ann Forlin has helped recruit volunteers for Juma for the last two years as its operations manager and volunteer coordinator. While the youth in its programs hold paid positions, Juma counts on volunteers to help with a variety of events including its annual Field of Dreams fundraiser.

Current locations include AT&T and Mosler Park in San Francisco, Oracle Arena and Oakland Coliseum in Oakland, Cal Memorial Stadium in Berkeley, Qualcomm in San Diego, and Nationals Stadium in Washington, D.C.

Forlin has used VolunteerMatch to find skilled volunteers for projects that might otherwise prove too costly for the nonprofit.

Forlin offers just one piece of advice for other volunteer recruiters: "Keep the motivation on!" she said. "There are always really fun people ready to volunteer for your cause."

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wall between staff and support.” There’s no better proof of this tight relationship, he maintains, than the fact that Vince Stehle, a program officer with key funder the Surdna Foundation, became a member of their board. “We thought it was great that Surdna was OK with Vince having a board seat, because it’s not generally done. But we wanted him to have governance responsibility.”

Vince Stehle says VolunteerMatch “set the bar high from the very beginning with their quarterly reports of results. Over the long term, some were up, some were down,” he admits, but “what’s important is to be transparent, to present quarter after quarter and show investors where you are.” Stehle agrees that the reports do more than justify activities to funders. “They have a dramatic effect on managers and on creating a culture that promotes results-oriented activities.” The reports are one aspect of the get-it-done approach to a start-up that was critical in the dot-com era of the late 1990’s. VolunteerMatch was born out of that community and way of thinking, Stehle stresses. However, getting a pure play Internet project going as a nonprofit was unusual, a fact that made it difficult to raise funds; it wasn’t a good fit with the programmatic organization of typical funders. “Most foundations are set up to fund a particular program area, such as the environment or education,” he says. “They aren’t prepared to support an infrastructure strategy designed to serve across all categories.”

According to Stehle, VolunteerMatch clearly had the potential to revolutionize a basic function of successful nonprofits—volunteer recruitment—by making this essential activity cheaper and easier regardless of location. “We started by identifying trends in the commercial sector that had relevance for nonprofits. A few principles were important to organize around—the end of

geographic protection, in this case. Once upon a time, local nonprofits kept track of volunteers with a shoe box full of index cards. Now, as eBay and Craigslist have shown us, if you’re really looking for something, the online marketplace is your best chance. This concept has transformed the volunteer experience.

“At the outset it was hard to get money to build the service as a one-off. But then we brought together a dozen or so funders, echoing the approach of venture capital funding syndicates, and made the business case, which resulted in raising about \$8 million,” Stehle remembers. “That was the big chunk of money up front needed to grow from proof-of-concept to full-scale development.” Atlantic Philanthropies had provided the lead investment of \$2.5 million in the form of a challenge grant, and AOL Time Warner, and the Ford, William Randolph Hearst, James Irvine, W.K. Kellogg and Omidyar foundations soon joined Carnegie Corporation and the other core group of funders. The Bridgespan Group management consultants helped develop the airtight presentation. This collaborative approach paid off for the VolunteerMatch team, allowing them to deliver one pitch based on their organization’s fundamental strategy. It also benefited the funders, who could make a commitment with confidence knowing that the funding coalition would assemble enough resources to make reaching the organizational goals a real possibility. Over three years VolunteerMatch received \$9.4 million in support using this approach, calculating the total social impact of volunteers referred from this round of funding at over \$1.2 billion.

Balancing mission and margin has led to VolunteerMatch’s rapid growth and ten-year record of success, making it one of the most efficient and accessible tools available to the country’s non-

profits, particularly small and mid-sized organizations. Biannual user surveys bear this out, reporting an 86 percent satisfaction rate among nonprofit partners and 87 percent among volunteers (in the 2006 survey). At the same time, research keeps up with evolving needs and challenges, such as nonprofits' difficulties finding volunteers who can commit enough time or whose schedules match the organization's needs, leading to refinements in services to meet those challenges.

Nonprofits, like all businesses, are bound to encounter bumps in the road. Backstrand says their first major test came in 1999 when Oprah mentioned VolunteerMatch on her show—more than once! The resulting spike in visitors to the site “brought our poor little servers to their knees,” he recalls. “It was a dream come true, but there were too many people coming in the front door at once. Still, it put us on the map. We just had to build up the system to handle it.” The service was better prepared to handle sudden surges in volume that came on 9/11 and when Katrina struck. These events were real tragedies, but “we were a little organization that got to play a big role,” says Backstrand, “and it feels good to help.”

Recognized by MIT and the Smithsonian (where it was inducted into the permanent technology collection) VolunteerMatch is now widely viewed as an integral part of the nonprofit sector's capacity-building infrastructure. The service

What people are saying...

VolunteerMatch technology, which tracks numeric results, is supplemented with biannual surveys to assess the quality and impact of the service for the volunteer and nonprofit communities in their network. This ongoing research, begun soon after the site's launch, has helped paint an evolving picture of typical users, reporting, for example, that the most popular reason for volunteering is “to help others and feel that I've made a difference,” and that most volunteers consider this activity a very important aspect of their lives.

- The areas in which volunteers are most interested in working (in order of preference) are: Children and youth; animals; homeless/housing; education/literacy; advocacy/human rights; community; arts/culture; hunger; environment; women; health/medicine; crisis support; seniors.
- Most of the individuals using the site are female and college educated or college bound. Their ages are diverse: 37 percent under age 30 and 15 percent over 55.
- Over three-quarters of searchers are able to find a volunteer opportunity matching their interests more than half the time, and most go on to volunteer at least once; More than one in four become regular volunteers.
- More than one-third of users already donate, or plan to donate, to an organization located through the site.
- Nearly one in five users was searching for a first volunteer experience.
- More than half of the organizations served had five or fewer full-time paid staff members and more than 90 percent consider volunteers very important. Almost half received more volunteers as a result of using the service.

acted as the main link for individuals interested in joining President Bush's USA Freedom Corps, which was announced in his 2002 State of the Union address, and it was endorsed in President Bill Clinton's recent book *Giving: How Each of Us Can Change the World*. It's also the primary volunteering search engine for the Corporation for National and Community Service and the Califor-

nia Commission on Community Service.

Achieving Sustainability

Since VolunteerMatch doesn't exist in a vacuum, changing conditions in the real world—a faltering economy, reduced foundation funding and growing competition—have combined to make sustainability a continual challenge as well as a top priority, prompting an ongoing search for ways to broaden the revenue base. In 2001 the organization took a first serious step toward meeting the sustainability challenge, brainstorming ways to reach its next stage of development with strategies that combined impact and earning potential while maintaining a high correlation to its mission. Because VolunteerMatch would always offer basic free services to nonprofits and volunteers, the search focused on identifying value-added benefits for which users would willingly pay a nominal fee. From polling of the member base, two promising models emerged: (1) Soliciting donations from volunteers, which individual users were willing to support because it would keep the VolunteerMatch service free for worthy nonprofit organizations; (2) Overhauling the corporate pricing model, which would allow VolunteerMatch to offer a simplified (lower cost) service to small businesses with a limited budget, and a premium (more expensive) service to clients with greater resources and more extensive support needs.

This initial revenue-building exercise led to important learning for the organization—the recognition that cost effectiveness would always be a critical piece of the puzzle. The staff recognized the continual need to evaluate all costs of services provided, and to organize in a way that best controls those costs while maintaining the quality of service and keeping a close eye on

the organization's sustainability ratio (the ratio of earned income to overall operating costs). It became clear that the long-term growth of VolunteerMatch hinges not only on generating philanthropy investments but on meeting or exceeding earned-revenue goals as well. Failure to hit these earnings goals would have a chilling effect on expansion and on the capacity of VolunteerMatch to achieve optimum social impact by increasing the number of nonprofits served and referrals made.

The issue of sustainability has become even more urgent in recent years despite steady growth in reputation and increasing breadth of service. Once the use of Internet technology for volunteer matching lost its novelty and robust early investment from large foundation funders tapered off, VolunteerMatch leaders saw that they had to adopt an aggressive financial diversification plan in order to identify and secure substantial new sources of earned revenue. With support from Carnegie Corporation and the W.K. Kellogg Foundation, the organization launched an initiative aimed at assuring long-term financial viability, which they began by setting up a professional development team to identify and cultivate new funding sources and expand corporate outreach programs. The organization's advisory council was expanded to include new voices, mostly leaders in the tech world, and additions were made to the board of directors—specifically nonprofit sector leaders with marketing, fundraising and strategic planning expertise and influence. Perhaps most important, VolunteerMatch began to develop major gifts capacity, targeting individual donors able to make significant contributions—an area that was previously untapped and that would require considerable attention from the newly formed development team. Finally, a set of premium services was created for nonprofit users

to strengthen the organization's value proposition and generate more earned revenue.

Taking Stock

As VolunteerMatch marks its tenth anniversary, it's natural to take stock, particularly to look for ways to improve. Cindy Gibson says there are some big questions begging to be answered, for example, "Are volunteers getting an optimum experience? This doesn't show up on the quarterly reports," she says. A true believer in the organization, Gibson praises the great staff, strong board, clear mission and strategic business plan. But, she wonders, "how do we know what happens to the volunteers after they sign on? Do they feel good enough about the organization to stick with it? That's a question we should be asking."

Vince Stehle sees the greatest challenge for VolunteerMatch coming in the near future. "When you look back at the wreckage of the dot-com era, there were lots of overcapitalized, crazy ideas," he says. "But this was one that had enough resources and demand, plus it has become a sustainable social enterprise. Now we're looking at a real risk/reward ratio with a shift from Web 1.0 to a vast expansion with Web 2.0, which happens when social networking is applied to volunteering. It can be a great accelerator for Internet activities. What excites everyone is that the upside for this enterprise is even better going forward."

VolunteerMatch at age ten is "better than ever," founder Jay Backstrand says. Having left the organization to return to the for-profit world at JP Morgan Private Bank, he currently serves on the board of directors (of which Craig Jacoby, once again working at the law firm, is chairman). Backstrand, whose emotional ties to

VolunteerMatch are still evident, says he is "super proud" of the successful leadership transition. "Nothing collapsed when I left...in fact, everything we can point to is doing better than it's ever done. Now we're at a point where we can become even more impactful," he says. The goal is to figure out how to go from VolunteerMatch's current numbers to becoming more valuable in terms of measurable community impact. Backstrand stresses the need to leverage the great asset the organization has become and do more in local communities, "to find a new way of doing things that would be a major jump forward in helping people get involved. In some ways, the challenge today is even greater than what we faced starting out," he contends, "because today we have a lot to lose. The key is to keep what we have and to keep on innovating."

"It's been a tremendously successful first ten years," agrees Greg Baldwin, now VolunteerMatch president, "but we see things as just getting started. Relaunching the Website with a new design and enhanced functionality in the second quarter of 2008 led to the highest number of referrals (158,301) of any quarter in our history," he says. "The site is just a lot cooler." A new review function will make the site more and more important as volunteers share the quality of their experiences, he predicts. Baldwin sees the organization as "well past the 'will it work?' stage and into 'how do we make it happen?' Can we live up to our potential? We're poised at that critical moment in time. Our last big challenge is to become self-sustaining," he says. "Last year we made two-thirds of our operating budget, and we want to close that gap and become a self-funded institution over the next five years."

In 2007 VolunteerMatch launched a growth capital campaign designed to make the organization capable of delivering its mission indefinitely.

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As the leadership team sees it, the VolunteerMatch approach of applying technology and business strategies to overcome barriers to community involvement is successful, but the solution is still too small to satisfy the unmet need or to be financially sustainable. To scale the solution and permanently close its financial gap, VolunteerMatch will need to grow, and \$10 million in growth capital is needed to make it happen. This funding will allow the launch of a new generation of services — increased Web connectivity and reach, including peer-to-peer social networking and multimedia content; improved business applications supporting corporate social responsibility; more services for older adults and skilled volunteers; expanded training and diversified sustainable revenue sources.

“By 2012 we want to double our impact to over \$700 million in social value annually,” Baldwin says, “with a membership of 90,000 nonprofits and over three million people finding opportunities. It’s ambitious, but the trend is consistent with our current trajectory. I’m optimistic. In 2000 we had no revenue, only social value. Last year we made nearly \$2.1 million in operating revenue from a diversified base of sources. Things have gone basically according to plan and we’ve made great progress toward all our long-term goals. Our story demonstrates the power, potential and possibilities of philanthropy. Today there are more opportunities for us than there have ever been. We’re aiming to become an enduring institution.”

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