*Perspective*

# How Investing Internally Can Yield Major Returns

JESSIE BALL DUPONT FUND

By SHERRY MAGILL

Investing typically is thought of as an external activity -- investing your money in another's venture: real estate, stocks and bonds, or a friend's new business.

At the Jessie Ball duPont Fund, however, we have a deep appreciation for what we are calling “internal investing” -- using an organization’s resources to invest in its internal operations and ventures.

Our recent experience with our Energy Initiative (see *Saving Energy, Saving Money & Growing for the Future* at www.dupontfund.org) provides an excellent case study.

Our Phase I Energy Grants, designed to help leaders of small liberal arts colleges learn how to measure, monitor and manage energy consumption on campus, required an investment in infrastructure and college staff to do the work. Once they invested in their internal ability to track energy consumption (with a little help from a duPont Fund grant), these colleges began to see that using energy efficient systems and practices would reap enormous financial savings.

Our Phase II Energy Grants capitalized on this lesson. We seeding Green Revolving Loan Funds, an internal pool of dollars dedicated to retrofitting campus buildings for energy savings. This pool of money compounds resources over time by restricting savings created by lower utility bills to funding additional energy retrofits. While the Jessie Ball duPont Fund helped to seed these funds, each school was required to provide matching dollars -- investing in their own revolving fund.

The key to the success of a Green Revolving Loan Fund is self-investing. If a school invests $100,000 in energy efficient lighting, it may save $20,000 a year on its utility bill. Instead of slowing those savings to go to the general budget, the $20,000 is banked (self-invested) in the Green Revolving Loan Fund to fund future energy conservation projects. In five years the original investment is paid off and the $20,000 a year savings becomes available to invest in another energy-saving venture.

The eight Jessie Ball duPont Fund grantee schools that have enough experience with Green Revolving Loan Funds to show results collectively saved $530,000 in energy costs between 2013 and 2016. They are on track to save $2.8 million by 2021.

That is the power of self-investing.

This lesson of self-investing has application far beyond the realm of energy conservation.

Nonprofit organizations of all types can benefit from self-investing: ensuring that they have the technology, the staff, the expertise, the community relationships and the physical and financial resources to do their jobs well. More donors need to appreciate the importance of self-investment and support nonprofits in these efforts.

**The simple discipline of self-investment can lead to benefits we might never have imagined.**

Individuals benefit from self-investing: learning, updating skills, maintaining networks and affiliations so that they can continue to grow professionally, performing and contributing at a high level.

Finally, our communities would benefit from heightened self-investment. In our national obsession with cutting taxes, we often overlook the need to invest in basic infrastructure, community life and the places that we love until a bridge falls down, a river turns green with algae, a neighborhood erupts in violence or a community is overwhelmed by new homeless families.

Exercising the simple discipline of self-investment can help individuals, organizations and communities stay ahead of problems and allow us to reap benefits we might never have imagined.

*Sherry Magill is president of the Jessie Ball duPont Fund.*