Would you hand over a $100,000 investment to buy shares of a company you didn’t know much about and how they were performing? How about $10,000 or $100? Recently, I attended a philanthropy conference where Jeff Raikes, former right-hand man to Bill Gates and CEO of the Bill and Melinda Gates Foundation, shared his principles: 85 percent of donors don’t do meaningful diligence on recipients of their gifts.

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As a business leader, does your philanthropy meet the standards of your retirement or business investing? How do you evaluate your philanthropic investments? Do you ask questions about outcomes? Are you satisfied with the return on investment? Have you researched the best mutual fund with a balanced 60/40 approach that meets your financial goals with a 6.5 percent return over long market cycles? Have you invested in a portfolio of mutual funds, with a few select funds do you know of, targeting a slightly higher ROI based on more work you put on your philanthropy.

So what is the equivalent in giving? One high profile example was Warren Buffet who chose to put his billions with the Bill and Melinda Gates Foundation, which is targeting measurable improvements in education and eradicating global diseases. Buffet knew his money would have higher ROI co-invested with philanthropy experts. Locally, organizations such as United Way and Empire Health Foundation have very measurable targets and strategies to move the needle, such as providing the number of kids in the foster care system, or educational attainment. Just like a mutual fund, your $1 billion gift is pooled with gifts of $100,000 or sometimes millions in aligned funding and expert management to drive a transformation.

Level 3: Engaged giving. So how can we take our stewardship of our philanthropy to another level by making sure the investments in a mutual fund to becoming a venture capital index? The venture capital index has 34 percent annual returns over the last 20 years, while the Dow Jones returned 10 percent. Why? Because of that higher level of engagement in their investments.

As a VC, many of us can take our governance to another level by engaging at a deeper level with the causes and organizations that we care about. We join boards before giving, we volunteer at an operational level before giving, and we bring our unique expertise to an organization that needs it along with our dollars. Perhaps you care about the environment and can help a regional organization measureably increase the number of acres preserved by both donating and providing your expertise. Higher return by you will result in higher ROI.

Level 4: It’s your responsibility to generate ROI. Given your success in your profession, imagine if you directly applied your intelligence and resources to making a difference. It’s literally your job for the nonprofit organization to deliver on impact. The business equivalent would be owning your own company, or being a leader or executive in a business instead of just a hands-off investor. How many executive, or entrepreneurial, people are taking a small amount of capital and turned it into millions in equity or market value? The ROI exponentially exceeds the 6.5 percent to 34 percent returns I have already discussed above.

I also recently had the privilege of attending the Providence Sister Peter Claver Humanitarian Awards. Eight amazing individuals who have made a profound difference. This year’s winner, Dr. Joan Craig, was a retired doctor who decided to help educate Burmese children with no access to learning. She started and funded a new organization that began by educating a small number of children in local agriculture, trucks, and a horticultural program a year to teach young kids. Past funding allowed the organization has expanded to educate over 150,000 Burmese children! Talk about exponential ROI! So what’s the bottom line? We all should improve our philanthropic allocations. As our business and retirement investments, we should take our stewardship of the philanthropic resources to a new level of return. Maybe you have a checkpoint level 1 giver for years; maybe you have a portfolio of some level 1, 2, and 3, and it’s time to shift completely out of level 1 and allocate your giving to level 3 for maximum impact and ROI. Right now is always the best time to improve your philanthropic ROI.

Well, since you’re reading a special report, you have the opportunity to make a difference in the coming months you will give money to make the world better.

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