

Ten Common Mistakes in Selecting Donor Databases (And How to Avoid Them)

NTEN and Idealware Software Review Series

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What We'll Cover

- Who should make the decision?
- What will a new database cost?
- Assessing your needs.
- Comparing databases.
- Conducting due diligence.
- Implementation and ongoing support.
- Resources.
- Questions.

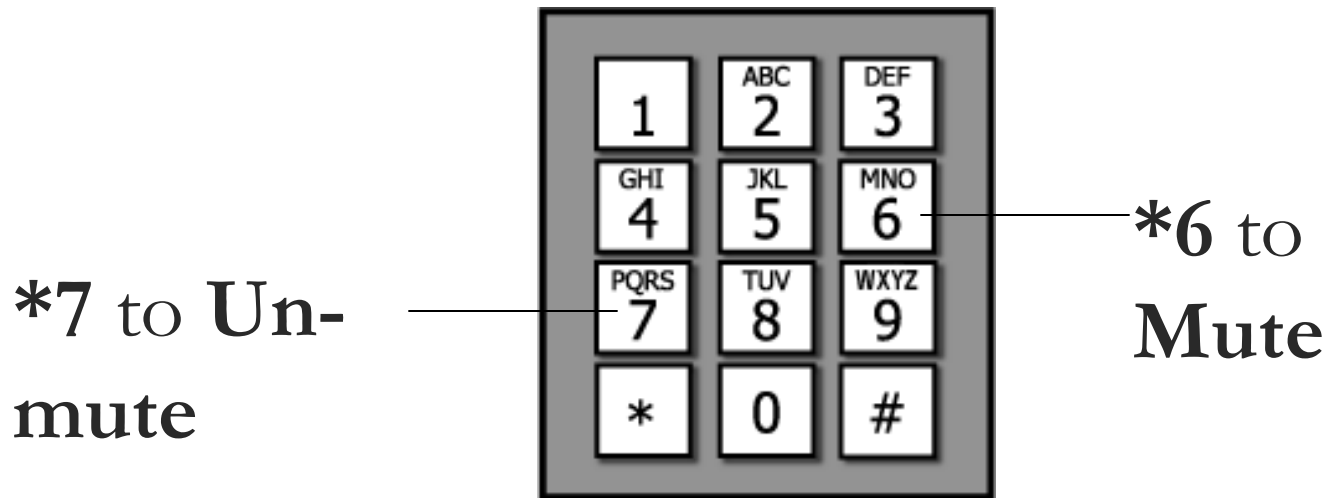
Introductions



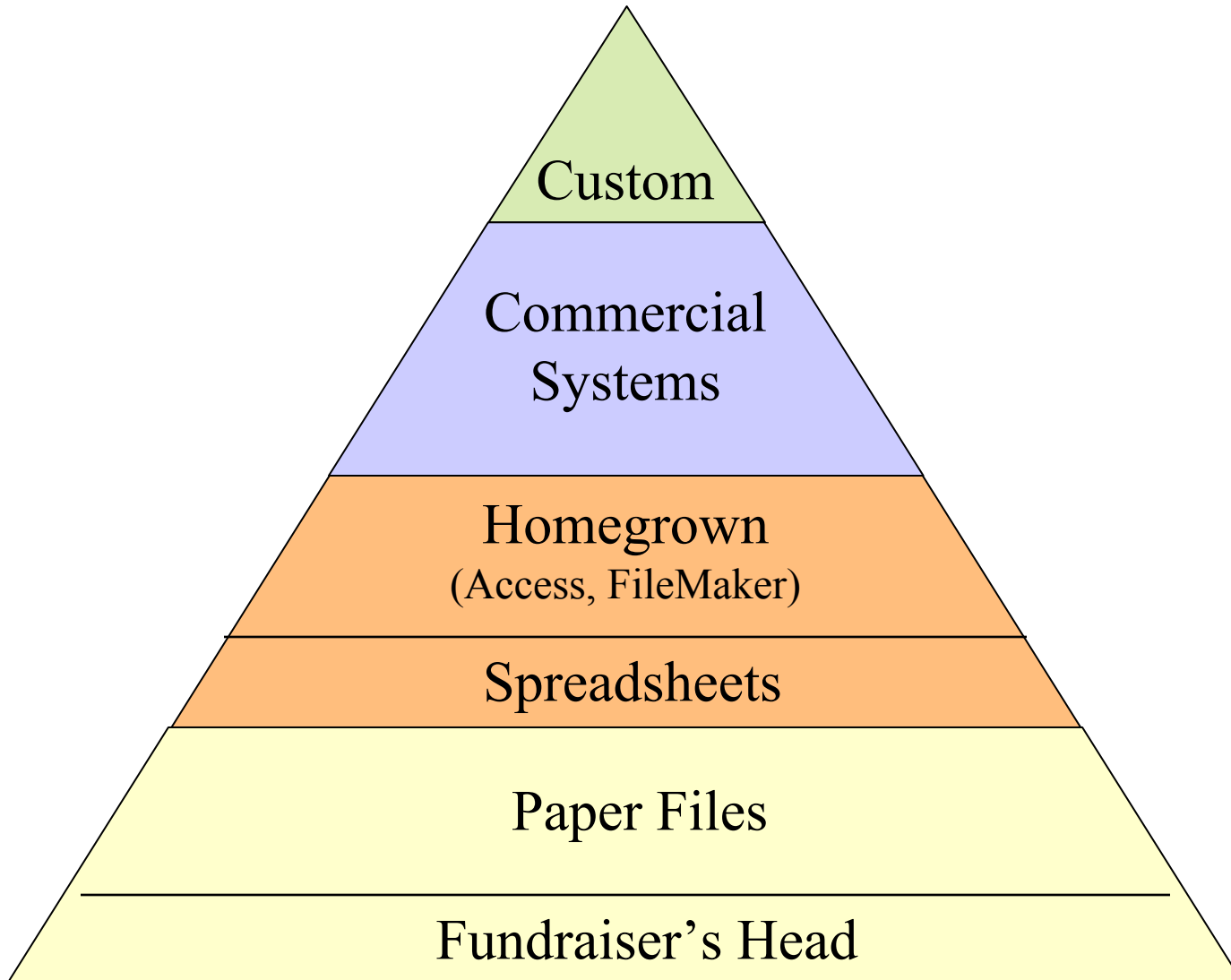
Me!

Logistics

- Ask questions so I'll know you're there.
- Enter questions into the Chat box unless I ask you to unmute your phone.



Levels of Tracking Donors & Gifts



Mistake #1:

Letting Techies Make the Decision

- Include techies on the selection team, but don't let them make the decision alone.
- Functional experts (fundraisers, program officers, finance) should drive the decision-making.
- Include the real users in the process (data entry, report creation, managers).
- The decision should be based on input from all affected parties.
- Clarify team's role at the start: advisory, majority rule, or consensus.

Mistake #2: Wishful Budgeting

- Software is often a fraction of the total cost.
- Prices range from < \$500 to \$\$\$\$\$\$\$\$\$\$
 - Also Open Source & Freeware, but may lack support, training, documentation, good interface design.
- Plan for additional modules, support, training, conversion, consulting assistance.
- If you can't afford the maintenance or training, don't buy the software!

What Should You Budget For?

- Software (of course)
- Hardware (server(s) and desktops)?
- Network upgrades?
- Implementation assistance?
- Training – will you need more than the standard?
- Customizations?
- Interfaces to other systems?

What Will It Cost?

- Ballpark starting price: $\sim 0.25\%$ to 0.5% of annual operating budget. \$1M budget = \$2,500 to \$5,000.
- Annual support: $\sim 20\%$ of retail price.
- Conversion cost will depend on:
 - How much help you will need.
 - What kinds of help you will need:
 - data migration, custom programming, help with business rules, report creation, training.
 - What shape (and how many places) your data is in.

Features That Can Affect Price

Broadcast e-mail	Interfaces	Relationship tracking
Custom reporting	Major Gifts	Security levels
Database size (# of records, users, servers)	Membership Management	Soft crediting
Events management	Planned Giving	Ticklers
Hosting	Pledge Management	Volunteer management

Sample 5 Year Budget

Item	Unit	Cost	Total
Software	1	\$5,000.00	\$5,000.00
1st Year Support	1	\$1,500.00	\$1,500.00
Staff training	5	\$750.00	\$3,750.00
Workstations	5	\$1,250.00	\$6,250.00
Shared Printer	1	\$350.00	\$350.00
Consulting	20	\$125.00	\$2,500.00
		Total Year 1	\$19,350.00
Support, years 2 - 5	4	\$1,000.00	\$4,000.00
Ongoing Training	2	\$750.00	\$1,500.00
Workstation Upgrades	5	\$1,250.00	\$6,250.00
		Grand Total	\$31,100.00

Mistake #3:

Prioritizing Price above Everything

- Know your needs. Don't fall in love with a vendor that doesn't fit your requirements.
- Buy the product that meets your top needs, fits your resources, *and* offers the best price.
- Accept a donation (whether software or services) only if it fits your selection criteria.

Assessing Your Needs

- What's wrong now?
- How do you raise money (grants, pledges, direct mail, memberships, telemarketing, major gifts, events, sponsorships, email)?
- What do you need to track and analyze?
- What reports do you need?
- Where do you see the organization in 5 years?

Needs Assessment (2)

- Who needs to use the database, for what, and from where?
- Where will data come from and go to?
- What do you *really* need?
 - Everything else is on the wish list, with priorities.
- What can you afford and support?
- Needs by module, reports, integration, technical constraints....
- Is software really the problem?

Quick Exercise

**What are the top three things
you're looking for?**

Enter your thoughts into the chat box.

Two minutes!

Mistake #4: Randomly Looking at Demos

- Start with requirements.
- Identify possible vendors.
- Optional: Request for Proposals (RFP).
- Invite a few vendors to present scripted demos, using *your* data if possible.

4b) Randomly Looking at Demos

- Compare complete cost proposals.
- Consider what worked at your last job only if the needs and organizations are similar.
- Feel free to accept input from board members, donors, volunteers, or the boss, but make an educated, collaborative decision.

Identifying the Vendor Pool

- Ask similar organizations, as well as on lists like [TechSoup](#), [CharityChannel](#), [Information Systems Forum](#).
- Vendors must fit your culture, staffing, and budget, as well as meeting functional needs.
- Vendors should have demonstrated experience addressing your issues.

Optional: Issue a Request For Proposals

- Goal is to narrow the vendor field.
- Ask clear, unambiguous questions.
- Questions must allow you to clearly judge whether a vendor is worth a further look.
- Caveat: This is very hard to do. You can only ask “do you do X?” questions, not “how do you do X?”

Request For Proposals (2)

- Be Specific:
 - “Can your system handle donations in \$, ¥, €, and £?” not “Can it track gifts?”
 - “Can your system track catering costs?” not “Can it handle events?”
- The complexity of your requirements should determine the complexity of your RFP.
- Anything you ask for you will have to read and score!

Software Demonstrations

- Goal: comparing “apples to apples.”
- Use on-site demos when possible.
- Either tell vendors which areas you need to see or use a script.
- Demos must cover the most critical functions identified by your needs assessment.
- Try to get your hands on the software. Ask for a demo copy or access to an online account.

Software Demonstrations (2)

What You Might Want To See:

- Membership processing.
- Direct mail segmentation.
- Major gifts/prospect tracking.
- Proposal tracking.
- Volunteer tracking.
- Event tracking.
- Reporting and analysis.

Software Demonstrations (3)

- Sample of a Demo Script:
 - Add a record for Barney Rubble, with a \$25 gift.
 - Add a separate record for Elizabeth McBricker, with a \$10,000 multi-year pledge.
 - Marry the two records, change Elizabeth's name to Betty Rubble, and show joint giving.
 - They divorce. Show the database process. Are both of them still major donors?
 - Create a mailing list of donors over \$500 cumulatively since 2004, who have attended at least 1 event since 2004, and live in the 9 Bay Area counties.

Quick Exercise

What would be in your script?

Enter your thoughts into the chat box.

Two minutes!

Grading The Vendors

- Make sure key stakeholders can attend.
- Invite all interested staff.
- Collect input from everyone.

Simple rating form:

AREA	RATING	COMMENTS
Data Entry		
Membership Mgmt.		
Prospect Management		
Events Management		

Grading The Vendors (2)

Complex rating form, with scores for each feature:

Feature/Requirement	Vendor 1	Vendor 2	Vendor 3
Tracking membership renewal anniversaries	10	8	9
Tracking major gifts prospect moves	9	8	6
Tracking event costs	5	3	6
Tracking volunteer hours	6	0	5
Relationships can be tracked between records (employer/employee, spouses, board members)	10	10	10
System allows for soft crediting of gifts	10	10	10
System tracks scheduling of pledge payments	7	10	10
Has a built-in custom report writer	9	9	5
Has canned reports that meet the majority of our needs	7	7	10
Grand Total	73	65	71

Sample score sheet: www.techsoup.org/binaries/Files/donormatrix.pdf

Grading The Vendors (3)

Most complex: summarized ratings with weights applied to high-priority features.

	Membership	Weighted Score (x1)	Major Gifts	Weighted Score (x1.5)	Grand Total
Vendor 1	100	100	90	135	235
Vendor 2	80	80	80	120	170
Vendor 3	80	80	100	150	230

Mistake #5: Falling in Love with Cool Features

- Plan for the future, but make sure you can use it *now*.
- The VENDOR is the single most important decision factor; if they disappear, you'll have to do this all over again.
 - The right vendor will keep up with changing technologies.
 - The right vendor will provide good training & support.
 - The right vendor will provide usable documentation.

Remember to Focus on Core Needs

Your Database Should Tell You Things Like:

- Who gave?
 - How much, when, and and for what purpose?
 - How much have they given this year? Ever? Largest single gift? For how many years?
 - Who are your biggest donors?
- Who's interested in what (programs, events, advocacy)?
- What was your last contact? What's next?
- Whom should we invite to this event? Ask for a larger gift this year?

Mistake #6: Falling in Love with the Salesperson

- You're not buying the salesperson.
- You might never see the salesperson again!
- Focus on features that meet your needs, customer support, Total Cost of Ownership, vendor viability and reputation, degree of risk, etc.

Reference Checks Help Distinguish the Product From the Salesperson

- Talk to similar organizations.
- Was work delivered on time and on budget?
- Does the software meet your needs?
- How is ongoing support relationship?
- Caveat: try to distinguish client implementation & management issues from vendor problems.
- Try to visit client sites.

Reference Checks (2)

Sample Software Reference Questions:

- How long did it take for you to go live.
- How many of your staff worked on the project?
- What assistance did the vendor provide?
- Did you use consultants or other 3rd parties?
- Were you happy with the training?
- What would you do differently next time?

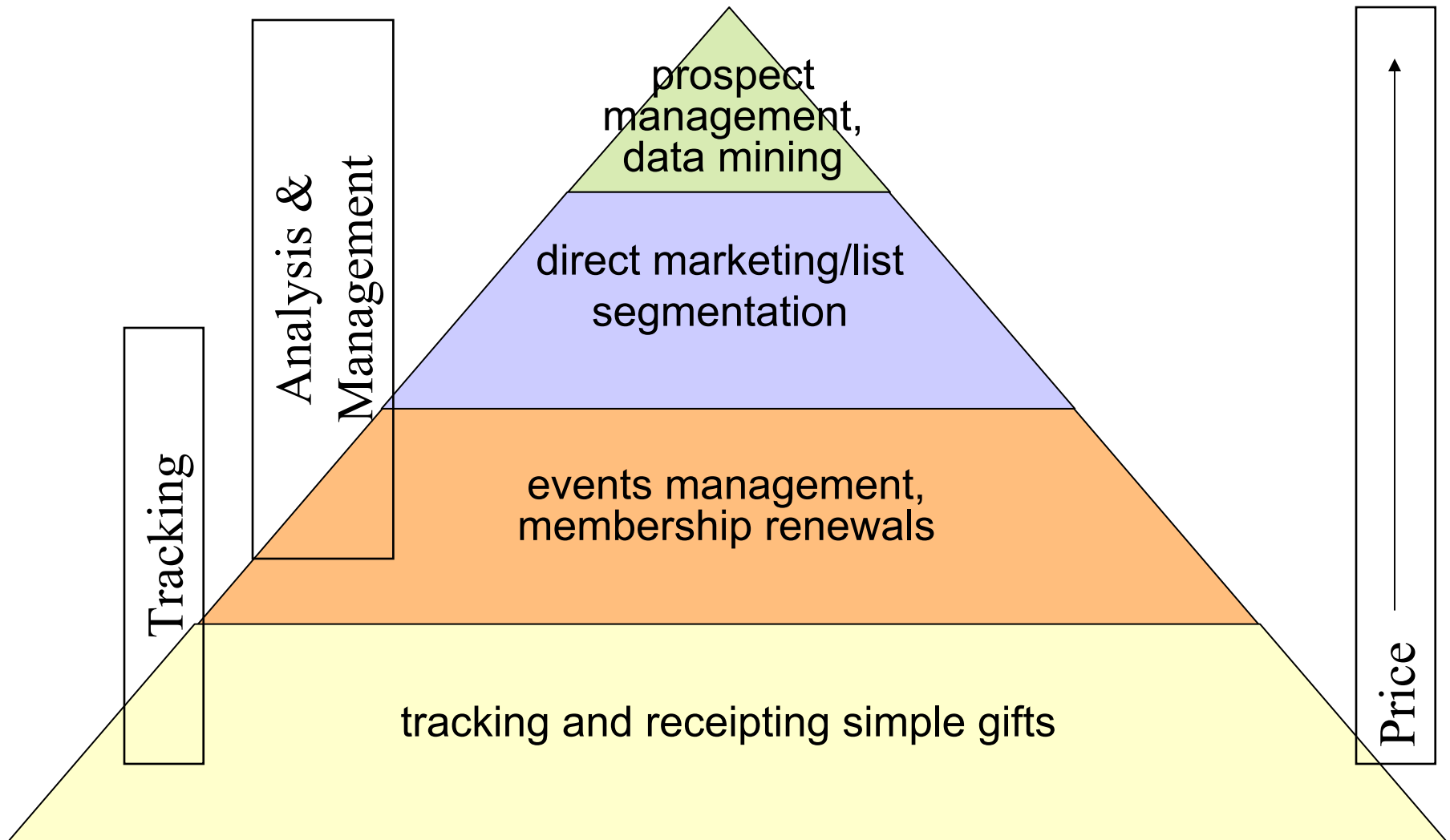
From: Weiner, Robert: *Buying and Implementing a Development System*

www.rlweiner.com/case_handbook_chapter.pdf

Mistake #7: Buying More Than You Need

- Don't buy a Ferrari if you only need (or can afford or maintain) a Civic.
- With some systems, you can start small and add modules and users as needed.
- Caveat: underbuying can be an equally serious mistake.

Levels of Using Donor Data



Mistake #8: Confusing Highly Functional Software with Highly Trained Staff

- Un/under-trained staff, lack of communication, and poor management will not be solved by new software. In fact, the problems may get worse.
- Higher-end software requires *more* computer skill among users, not less.
- Complex software must be properly configured. This may require help from the vendor or a consultant.
- Look at people and procedures *before* you look at software. What can be fixed without a new system?

Mistake #9:

Hoping the Database Will Install Itself

- Who will manage the project? Who else needs to be involved?
- How will it impact the daily workload and other priorities? Will you need more staff?
- How much cleanup will your data require?
- How will you integrate with other systems?
- Run “parallel” as a LAST resort; invest the time and money in testing.

Mistake #10:

Leaving the Database to Fend for Itself

- Who will be responsible for quality control?
- Who will provide ongoing training?
- How will daily operations change?
- How will job duties change? Will you need more staff?
- If you can't afford the annual maintenance, don't buy the software.
- If you can't afford to train your staff (now and in the future), don't buy the software.

Mistake #11: Building Your Own Database

Why Not Build Your Own?

- **Risk** (how do you know it will work?).
- **Distraction** (fundraisers must become database designers).
- **Support & Maintenance** (who you gonna call?).
- **Documentation** (will there be any?).
- **Training** (a game of “telephone”?).
- **User Community** (there won’t be one).
- **Cost** (how can you get a firm price?).

Databases Don't Raise the Money

- The right database can assist with:
 - Prioritizing and segmenting lists.
 - Prospect management and tracking.
 - Stewarding your current donors.
 - Identifying future donors.
 - Time-management.
 - Measuring and forecasting.
 - Asking the right person for the right gift at the right time for the right purpose.
- This is only possible if data is captured in a database and made available to appropriate staff.

Principles

- There is no perfect database.
- First, decide what you're looking for.
- Involve stakeholders in the decision.
- Structure demos so you can compare “apples to apples.”
- Make sure you understand all the costs.
- Trust but verify.
- Plan for implementation and ongoing support.
- One last time: If you can't afford training and maintenance, don't buy the software.

Resources

Batchelder, Duff: Evaluating & Selecting Fundraising Software

www.techsoup.org/howto/articles/software/page1471.cfm

Battin, Tom: Should Nonprofit Agencies Build or Buy a Database?

www.techsoup.org/learningcenter/databases/page5028.cfm

TechSoup: Selecting Donor Management Software

www.techsoup.org/howto/articles/databases/page2190.cfm

TechSoup's Technology for Fundraising discussion forum

www.techsoup.org/forums/index.cfm?fuseaction=list&forum=2022&cid=117

Weiner, Robert: Ten Common Mistakes in Selecting Donor Databases

www.idealware.org/articles/ten_common_mistakes_in_selecting_donor_databases.php

Weiner, Robert: Why Building Your Own Database Should Be Your Last Resort

nten.typepad.com/forecast/2003/10/why_building_yo.html

Weiner, Robert: Buying and Implementing a Development System

www.rlweiner.com/case_handbook_chapter.pdf

More resources are posted at www.rlweiner.com/resources.html

Questions?

What are your top takeaways from this workshop?

Enter your thoughts into the chat box. Two minutes!