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Creating the Constituent-Centric Organization:
The Benefits of Constituent Relationship Management (CRM)
with Paul Hagen
Sponsored by Network for Good

The MP3 audio transcript can be found at
www.fundraising123.org or www.nonprofit911.org

Jono Smith: At this point, I would like to introduce today's speaker, Paul Hagen. Paul is the president of Hagen 20/20, a consulting firm that provides business strategy and planning, technology strategy and selection, projects, program management and coaching services to nonprofit organizations, green and clean-tech businesses and social enterprises.

Paul has over 20 years of strategy, technology, marketing, analysis, channel development and project management experience. And prior to forming Hagen 20/20, Paul was a senior analyst at Forrester Research, which is a very prestigious research firm.

Paul regularly advises executives at a wide range of companies: Fidelity, Toyota, Land's End and Adobe are just a few examples. But Paul's career actually started in the nonprofit and education sector: the U.S. Peace Corps, Teach for America and Edison Schools, to name just a few. And he's held advisory board positions for NTEN, Youth Technology Entrepreneurs and Purple Sun.

Paul comes to us with a Master's in educational technology from Harvard and a BA in political science from Stanford University. So we are extremely pleased to have Paul with us, leading today's call on constituent relationship management. And once again, just to remind you, you can email us at any time during today's call at fundraising123@networkforgood.org.

Without further ado, I'm going to go ahead and turn the floor over to Paul Hagen.

Paul Hagen: Thank you very much. Hello out there, everyone. I'm glad you could join me this morning. I'm talking about constituent relation management -- CRM. I have a few main points that I've got on my agenda this morning. I'm going to talk about the problem that a lot of nonprofits are facing, the challenge of knowing who their constituents are. In my mind, there's a data management challenge. That's what I'm going to focus on.

I'm also going to talk about how organizations should start dealing with the fact that there's a lot of constituents interacting with you in a lot of different ways. I'm going to talk about this idea of what CRM is and creating a constituent-centered mindset within your organization.

Finally, I'm going to talk about the benefits of nonprofit CRM, what some of the organizations that I've been dealing with are trying to achieve by getting a better, more holistic view of their constituents throughout their organization, amongst their staff.

So, I'm on slide three. I'm looking at a big flower picture, for those of you who have got the slides in front of you. The big problem that I see within a lot of nonprofits -- or what a lot of nonprofits are coming to me about -- are the different kinds of financial and programmatic silos that they find in their organizations.

They have different staff who are managing different kinds of lists or custom databases or slips of paper or file folders that have data about very specific groups of their constituents, but none of those are tied. Often, it's separated by the financial side, the donor-management side, or the fundraising-management side and is completely separated from various different people within the organization who are running programs.

This is mirrored by the vendor landscape. Vendors often focus on singular types of interactions with constituents. So, if you look at my flower, there are all kinds of different tools out there -- some are CRM platforms per se. There are Web-focused tools like CitySoft and Convio, Democracy in Action. There are case-management tools specifically for health and human services types of organizations that deal with just clients who are coming to the organization. There are association-management types of tools that deal with, a lot of times, events and membership directories and so forth.

And then there's the functionality that you need. We often talk about the nonprofit sector as being one monolithic sector that acts and works similarly. But with 1.8 million nonprofits out there, that's hardly true. In fact, many organizations often act more similarly to their counterparts in the commercial sector than they to other nonprofits. So, for example, an advocacy-based organization can act very, very differently than something like a health and human services type of organization.

So the problem that we face out there is that, in the organizational front, there are silos in the way that people are dealing with constituents and the vendors often are looking at one aspect of the way that nonprofits are organized. And so the data is collected in different types of tools -- if those tools exist; otherwise it may be Excel spreadsheets that people use.

On the next slide, this fundamental problem is magnified by the fact that there are all kinds of new interaction channels, or ways to interact with your constituents. We have the traditional channels, which are in-person and phone and direct mail and we've, all of a sudden -- over the last five or 10 years -- a tremendous number of new channels that are interacting with constituents.

We've got email. We've got instant messaging. We've got cell phones and text messaging. You have your website. And now, with Web 2.0, we're on to social networking, so you can interact through Facebook or MySpace or LinkedIn. And there are all kinds of tools out there, like podcasting or RSS feeds, where people can sign up for various tools and have your content out through third-party, intermediary types of sites.

So, lots of new channels, which exacerbates the number of tools that you have, which exacerbates the number of places where you're collecting data.

On the next slide, the problem is it's just an uncontrolled data explosion. The data is everywhere. In 2006, an organization named DotOrganize did a survey of about 400-and-some nonprofits and they found that 51% manage over four repositories of data about their organization's various constituents. They found that systems don't share that data. So less than 7% of respondents said that their systems share data easily with one another. That means 93% have issues sharing data across those various different systems.

The most telling is that staff are using poor tools. Over 50% of the organizations surveyed said that they're using slips of paper, Excel spreadsheets, personal contact managers like Outlook, to manage their organizational data. So we've got these scattered tools. They don't share information between each other.

And in fact, there are lots of organizations just using slips of paper and Excel spreadsheets. It makes it difficult to actually have a good handle on: "Who are all of my constituents? How can I interact with them more meaningfully?"

The next slide -- the result of all of these different kinds of repositories and whatnot -- is what I call "mission under-performance." When I don't have a good view of who all my constituents are through the organization, it means I've got fewer participants in my programs. I can't cross-fertilize. It's really difficult for me to know who might be likely targets from other programs because I don't have those lists together.

So I've got fewer participants for programs, for events, for educational types of things. It means fewer donations. My volunteers are separate from my donors. I may not be targeting my volunteers very well. If I don't know who attended all of my events, I may have difficulty trying to target those from the development perspective. I've got fewer volunteers. I have a lot of wasted staff time focused on non-strategic work. Many, many organizations talk about their difficulties with manual data reentry, which also creates mistakes, by the way. And then the time-consuming compiling of lists for any kind of email or direct mail campaign that goes out.

And finally, underwhelming customer service. Three different parts of the organization may contact a person and it's a little bit like the elephant. One person sees a leg, one person sees the snout and one person sees maybe an ear, but the individual who's being contacted doesn't necessarily feel like there's a holistic view of who they are and their relationship with the organization. So a high value, someone who's very important and valuable to the organization, may be treated as someone new to the organization. So, underwhelming customer service.

And the next slide, what do we want to do or what's the goal? How do you start fixing that?

I think the first part is actually just creating that notion of a constituent-centric mindset, putting the constituent, putting your supporters, at the center of your organization and not necessarily thinking of your constituent as belonging to a program, but that there are multiple programs that could apply to a constituent.

So put the constituent at the center and then have all of your programs and your events and your activities all focused on those constituents. You may have members, any constituent may be part of all of these things. They may be a member, they may attend events, they may be a donor, they may be a volunteer, a super-volunteer, or an evangelist.

They may participate in programs, but the key is that the constituent is at the center and that the programs focus around them, as opposed to the center of your organization being the programs and forcing your constituents into programs.

And the next slide: what is CRM? It's actually a term that is borrowed from the commercial space. A lot of corporate organizations have used it for years. They call it customer relationship management and they're essentially dealing with the exact same problem that nonprofits are, in that they've got a lot of different products and services and a lot of people, a lot of different departments, creating their own databases or whatnot and they needed a way of seeing a holistic view of the customer.

As well, it applies really well in the nonprofit sector and we call it constituent management relationship, because we tend to have constituents more than customers, but they both work. It's sometimes nice to think within your nonprofit that you do serve customers, all of your donors and your program participants are customers.

What is constituent relationship management? I've defined it as "institutional memory about interactions with all constituents that's used to build organizational value." So I've highlighted several terms here.

Institutional memory. When I think about what CRM is, I believe every organization has some version of CRM. It just so happens that it's scattered, it's in people's heads, but it's there. You're constantly managing relationships with constituents.

What does institutional memory mean? It means that the institution, your organization, has the memory. It's not the memory of the executive director and it's not those relationships in that Rolodex or the Outlook file that your executive director has.

If your executive director goes, does that information stay with the organization? Can other people within the organization find that? It's not within the Excel spreadsheet of a particular program director, it's not in the Excel spreadsheet or the Outlook file of the development director, it's institutional. If that person leaves, it's always still there and the institution, the organization, the nonprofit itself, can still find it, use it and create value from it. So there's institutional memory.

It's about the interactions. It's not all of the data that you've got in the organization. Constituent relationship management really focuses on the interactions between you and different individuals.

It's about all constituents. What I find funny is -- looking at a lot of the vendors out there -- they have things that say CRM on their websites and yet they only talk about donor management, or they only talk about case management or something like that. They are practicing a form of constituent relationship management, but it's focused only on one type of constituent within the organization.

In my mind, constituent relationship management is about all of the constituents in your organization, so it doesn't focus just on donors. It crosses that line from the financial side to the programmatic side and it crosses those programmatic kinds of boundaries.

And finally, it's about using that institutional memory about the interactions with all of your constituents to build organizational value. And by organizational value I mean, are you getting some kind of increase on your mission?

If your mission is to educate people, are you using those interactions and that institutional memory about those interactions to identify areas where you can educate people further? Where you can increase their amount of education, or if you can increase the amount of donations, or you can increase the amount of participation in your program.

Those are the kinds of things that are important to your mission. You measure yourself on how many people did you educate, how many people are attending your programs, how much technical assistance did you provide, how many dollars did you raise -- because that ultimately adds to the organizational value.

But you ought to be looking at those interactions and saying, "I want to understand who my people are and where there are opportunities to get more people to my program, to have them donate more money and so forth." So it's about building organizational value at the end of the day.

So on the next slide, I have a fun little -- I guess it's a "Cosmo" quiz of sorts -- but it's a chart that asks what kind of nonprofit is yours.

On the left-hand side, I'm looking at the strength of relationships. Do you have weak relationships with your constituents? Maybe you're doing one email a year or one direct mail a year, it's kind of scattershot, you're sending it out to everyone and there's a fairly low value of interaction.

Versus up on the top on the left-hand side is a strong strength of the relationship, where you've got regular interactions, regular communications with your constituents, they're targeted. So you have actually defined various kinds of segments of groups within your organization and you're targeting them with very high-value interaction. You have a strong degree of certainty that if you send out a message to a group of people that they are going to be interested in some sort of cross-pollination of your programs or whatnot.

On the left is the strength of relationship and on the right is the number of data repositories. On the left-hand side of the bottom is you've got greater than 10 repositories of constituent data, to the right is a single repository of constituent data.

Of course, the idea is you want to be up in the upper right-hand corner, where you've got a constituent-centric nonprofit, as opposed to the bottom left side where you've got constituent chaos. A lot of people talk about being in the upper left-hand corner in the "enlightened stone age" nonprofit. I tend to think people are slightly more in the constituent chaos kind of area, but it's something at least to think about within your own organization: where do you fit?

So next slide, slide 10: getting to CRM. How do you start getting there? Well in my mind, CRM is a strategy as well as a technology. The strategy is thinking about your constituents as the center of your organization and how you build the value of those relationships. Actually having it top of mind. We want to instill value, we want to measure the value, how many people are coming to our program.

Where are there opportunities to cross-pollinate our programs? Where are there opportunities to look at people who are participating in our programs and hit them up for donations? That's the strategy piece of that and it's huge. I find in working with many non-profits, just thinking through that piece of it can get you a long way.

The other part of it is the technology. You can't do it without technology and it's because technology contains the data. So unless you've got the data in a way that you can actually say, let's look at the people who are attending our programs and find opportunities, you can't necessarily. You can have all the strategy in the world, but you can't get to the data to actually go target them.

Let me just say a couple of comments about databases, because I think it can kind of confusing sometimes. Every piece of software has a database. So any software that you get -- a donation management tools has got a database. An email tool has got a database, especially if they are different tools. An online volunteer recruiting tool has got a database on their landing. A social networking tool has got a database.

The key with this is do you have a strategy for synchronizing these databases? At the end of this day, what you want is to have that data either in one place or somehow cross-tabbed so that you can sort through it and make sense of it.

So the biggest piece is, hey, there can be a lot of databases out there, not all organizations will end up moving to one centralized database in the sky. But do you have a strategy for synchronizing them, for understanding where one database is OK because that group of people will never interact with the other group of people and that's OK, so we'll have those two databases. Or sinking the data from one to another, if you need to.

The next slide. Really, the first step to audit yourself, go through your organization understand where you've got repositories of data across the organization. I have been working with a lot of organizations that range in size from 20-100 staff. Even with 20 staff, I regularly find 20, 25, 30 different repositories of data. Again, that can include

Outlook -- where personal and business contacts are mixed together -- and it can include the Excel spreadsheets and so forth.

Finding those repositories is the first step in saying, "OK, we've got constituents all over here, what can we do with it?"

The second step is starting to define what the desired constituent experience should be like. Most of your constituents sign up with you. They attend events because you offer them a value. Presumably you've got more value to add to them and so they want to hear from you. They want to know what is going on.

If you take that as the beginning step, then start defining that constituent experience. When they call you or they email you, what do they want back out of it? When they sign up for something on the Web, what do they want? What kind of follow-up after they come to an event? Do they want to hear about other events? And if so, what kinds of events?

And then start fixing the simple things that don't require technology. I had one client where they had a reception area where they had lots of paper-based information and flyers about what they were. There were various different sign-up forms. It took all of about 10 minutes to come in with the eyes of a constituent, to go through and say, does this make sense, the way this stuff is organized? Am I collecting information about them in a logical way? Am I cross-fertilizing all of the different programs? Am I making sure they see all of the potential?

It can be very easy to either do it yourself or have some outside friend come in and go through a process and see how it works for them. I love -- with constituents -- signing up on email newsletters. With clients of mine, I sign up on everything and I try to see what the response time is. Is it good? Do they make me feel welcome? Am I invited to things? Are they not overdoing it with their interactions with me? Testing those kinds of things are fantastic and you can end up fixing a lot of things that don't require a big technology investment.

Standardize all your forms for data collection. I have one client and I think every form they had was slightly different. That was largely because they had different people collecting their data. I made them do a wall of forms, where they actually put all of the forms of data collection up onto a big wall and they were forced to sit in a room until they agreed on how they were going to collect that data.

I think a big, big area is to combine some of the rogue spreadsheets -- paper or other repositories. Spreadsheets aren't the worst thing in the world. What is the worst thing in the world is that there are 20 of them and they are all collecting data differently. Because at some point, you've got duplication of people. If you ever do get a piece of technology trying to combine those spreadsheets and migrate them into something, it's going to be a tough thing.

Certainly, combining the spreadsheets and saying, "Hey, look, we're all sharing the first name, last name, address, you know, blah, blah, blah, together." There are things like Google Apps out there. You can get a free account to Google and put your spreadsheet up on Google Apps and have multiple staff all interacting off of the same spreadsheet.

If you've got to do it, at least put it all on one area. There's no reason any organization should have 25 different kinds of spreadsheets. You can start combining them and combine that data and get most people in one place. If it's up on Google Apps, that means it is a little bit more institutional than if it's sitting in someone's file folder somewhere on their computer.

Insure that you've got prompt follow-up with key interactions. One organization I was working with, they were not even sending thank-you notes out to people who had donated $50 or $100, it was only if it was greater than $100 they were sending out thank you notes to. Probably not a great kind of thing. So that was an easy fix that didn't require any technology whatsoever. Like I said, fix the areas where the constituent experience doesn't match the desired state.

Finally, start looking for opportunities to cannibalize repositories. When you are out looking for technology, look for vendor ecosystems. When I say a vendor ecosystem, you may have a core vendor but they work with any number of outside third-party vendors. So you can get bulk email combined with your online interactions, combined with web forms, combined with perhaps an event registration kind of thing.

As you are looking at the kinds of ways that you collect data about people, look for either a vendor or a vendor ecosystem that can essentially eat up some of those singular tools that only do one thing, like event management or like bulk email. That way you start combining your data into one place. And try to get out of Excel and Outlook, unless they can integrate into a system.

On the next slide I talk about technology, but I think it's so important -- before you even get to technology -- to really review the processes. The slide here is "Review your Full Customer Life Cycle Process." Every single organization with every single kind of constituent has what I would call a "life cycle." Every constituent has a life cycle.

You are reaching out to them, so there's some sort of marketing and awareness building, even if that's just word of mouth. Word of mouth is a way of marketing and creating awareness, but you are marketing to them.

Sales, I have here on my slide "Sales." And I am a big believer that we in the nonprofit sector sell our ideas and our services. That sale can either be a donation, but it also could be a participation in the programs that we've got. And the transaction there is really time. Is a person willing to spend their time coming to a program? That could be just attending this event, for example. All of you -- Network for Good, in sponsoring this kind of thing, did some outreach. They had to convince you that it was worth your time to come to this, even though there was no monetary transaction. So there's a sales component.

And sometimes that sales component is very, very simple; it's just a quick decision. When I buy gum, I'm not doing a huge amount of research on something. There's no back and forth I'm doing with the salesperson. It's just, I see it, I buy it, it's done.

So there are simple sales transactions and I would say low, small donation amounts, things that require very little time, like showing up to a two or three-hour kind of event. That's a very small and low sales cycle.

There are many organizations that have got a longer sales cycle. When you're out trying to get grants from foundations, there's a multi-step sales cycle where you're talking with the program officer, you're actually sending him a letter of intent. You're doing many, many different kinds of steps before you actually get to the grant.

Similarly, major donor cultivation is many organizations have a multi-step kind of interaction process that they want to track through various different stages to get to a major donor. I know a nonprofit that was doing some sales of conference and they had excess conference space. Or they do sponsorship sales for events. All of those are not just a simple sales process, but involve many steps and many stages. And as you progress through the stages, the more likely you are to actually get the sale or get the decision to give you money or participate.

Longer-time types of things, someone who's going to invest three months of their time in a program. Again, that's probably a much more complex multi-step cultivation process. So really think about that, because not all technologies out there can deal with multi-step cultivation processes like that.

Finally, service. There's a service side. After the sales you're delivering services. So someone's decided to -- you've cultivated them, they've decided now, whether it's a foundation, I have to submit reports on a regular basis. If someone signed up for a multi-month program, I have to deliver that program to them.

All of the post-sales, or that post-decision-making kind of piece, you're providing services to them. It could be just someone's donated and they need a tax receipt. How do you deal with those types of things, how do you track that?

Reviewing all of those processes helps you to pick the technology that you need out there. So keep that in mind, the better you've got this kind of stuff defined for all of your various different constituents, the better it will help you to define what kind of technology you need.

So that's about technology. Let me talk for a little bit about some organizations that I've come in front of and what they're trying to accomplish. So I'm on slide 13, there's a technical assistance legal advocacy nonprofit.

They're about 20 staff or so, 28 staff. They've found that they've got 32 different spreadsheets around the organization, three different custom databases and almost every staff person has Outlook that's got a mixture of business and personal context. They found that they're delivering any number of different kinds of programs and each of those programs is funded by a different funder, which has different kinds of reporting requirements.

So there's some challenges right there. The funder is deciding what kind of reporting they need to do as opposed to the organization. And so you get these different spreadsheets because each program is trying to collect the data that the funder wants.

But they're realizing that they've got some poor utilization to deliver the services. There's overlap, so there's staff who are really good at certain legal issues and they may be part of one program but their skills could be used in a different program, if other staff just knew about that, knew what kinds of client engagements or technical assistance they were providing to some of their clients. If there was better visibility into that, they could actually use staff from other programs to deal with specific kinds of issues.

Because each program is in such a silo, they don't have any ability to show the bigger picture to funders and to clients, so they may have three different programs hitting a particular health department with three different staff, three different client staff and they don't have even an idea that they're really providing that health department a tremendous amount of value. They can't show that to the funder, they can't show that to the client and they really want to be able to do that.

And again, their silos prevent any cross-pollination of their program information, so where they're dealing with smoke issues in one and child obesity in another, actually it's all about health. And the larger picture -- of all of the services that they provide in terms of health advocacy, health technical assistance -- goes unnoticed to their constituent base who typically only know about one organization within the program.

So their goals are very clear: "We want to increase our fundraising potential. If we've got a bigger picture that we can present to funders, we can get more money. And gosh, in situations where we're providing two or three of our staff for one kind of organization, we could possibly develop a fee-for-service option."

They're looking at increasing their staff effectiveness. "How can we better use our staff across, not just within a program, but if we've got a specialist on a particular legal issue, they can cross programs and we want to be able to do that."

And finally, increase the exposure of clients to a broader range of services. They've got a lot of different things going on in their programs and they just aren't hitting up all of the various different people. They're not hitting the people that they've got with the broad range of programs they could provide to them.

They've decided on Salesforce. They're very early-on with everything, but they've decided on Salesforce, which is actually what underpins the Network for Good solution as well. And they're still early on in that.

Another example: community foundation. The assistant director of the place said getting data is like restoring the Sistine Chapel. Her goals were getting staff to be more strategic by taking away the mundane aspects of their job. They're spending three days in front of the photocopier and retyping data, they're not focusing on important strategic aspects of the program. And she found that some staff didn't like it, because it was requiring more effort and a higher level of thinking than just the data entry.

So some of the new things that they wanted to do, they're a community foundation so they give money out to any number of other groups. They wanted to shorten the time it takes to respond to them. She didn't even know how long it took to respond to them, but she wanted to benchmark that and provide a higher level of customer service.

She wanted to know what was the solution to their problems, so if they had problems with applicants' applications, what are the problems and how can I use what the problems are to better describe things upfront so there are fewer problems in the application process?

She didn't know what the timeliness was in getting responses out to people. So how quickly were they responding to people's problems? There was no record of problems and there was no record of how fast they were responding. She had a gut feeling that they weren't doing very good, that it was taking days or weeks to actually get responses to people if they got it out at all, but she wanted a better handle on that.

And she was looking at who were good targets for different kinds of activities. Again, it's very similar to the technical assistance group before it, how do I cross-pollinate my programs? Because I know I can build more value for the organization if I can cross-pollinate out there and make sure that different segments of my constituents that are only getting one program are seeing the larger range of what we do.

These guys ended up deciding to implement a Microsoft CRM and they used the opportunity to rethink their constituent interactions. They rethought the application process, they were rethinking the follow-up.

Technology implementations can often be a wonderful, wonderful time to rethink how you do your processes in the first place, because often you're doing them because you were forced into it by a certain technology solution and rethinking it before can help you define not only what the new technology solution is, but help you rethink how to do it better and get out of a rut that you may be in.

Another example: a faith-based institution. Again, we identified in an audit about 40+ repositories of data, lots of Excel spreadsheets, lots of custom databases. They were having regular contact with less than 25% of what they felt their total constituent base is, so massive, massive under-communication with people who probably wanted to get a lot more communication from the group. And this was the group that actually the $100 plus donors were not receiving thank-you notes.

The organization thought they were doing well in terms of fundraising. They felt like they were doing well and they had a lot of participation. They were growing fairly rapidly, but a piece of what they thought is, "Imagine if we had our constituents consolidated and we could hit 75% of our constituents and then in turn empowered some of those constituents to do some fundraising and outreach on our behalf," which they were doing none of.

So it wasn't that the organization is doing bad at all. They're actually growing really rapidly and they're very successful, but they realize that, gosh, they're still underperforming on what they could do if they had their data management in order.

They decided to consolidate a bunch of repositories on CiviCRM CivicSpace pilot. Interestingly, they had considered Combio, but when they went through the life cycle -- the marketing/sales/service -- they actually realized they had a whole bunch of complex, multi-step sales kinds of things. They were the ones that actually had conference space to rent out, they were doing sponsorships for an event.

Half of the kinds of interactions they were having with constituents couldn't be handled in something like Combio, which is part of the reason they went with CiviCRM and were considering Salesforce as well.

They actually found a whole bunch of non-technical processes of interacting with constituents that they were able to fix that required no technology whatsoever. And they're in the process of fixing their forums, because they had a whole bunch of forums and they're one of the folks that did the wall of forums that I mentioned a little bit earlier.

Finally, they're a human services organization. Again, we did an audit and found 25 or more constituent repositories. Interestingly, this group has multiple different departments soliciting corporations independently. One is looking at donations, another one does a lot of workforce training, so the other department was looking at placing people in temporary or permanent work positions within corporations.

Two different departments working completely independently—developing relationships, different databases, no overlap whatsoever. They realized that if they combined that data collection between those two different people, that all of the corporations who were taking employees were probably super corporations to get donations from, or do an individual donor drive. And vice-versa, those who were already giving donations were perfect targets to think about placing some of their work people.

So huge potential impact, opportunity to increase 25% to 50% to 75% percent, their return on the mission, their ability to place people into jobs and their ability to fundraise. In fact, that was their goal, to increase corporate involvement up 50-75% by building the relationships with those different programs. And then they were looking at increasing individual donor value by building on existing relationships. Again, these guys looked at a number of solutions and had decided on the Salesforce pilot to go out there.

So a few examples there. Again, the point that comes out of these examples, I think, is people are looking at increasing participation. They're looking at increasing the amount of money that they can raise across these things. They're looking at their mission, they're looking at the things that enable their mission and by consolidating or getting a better view of their constituents, they're trying to provide better services. They're trying to expand the reach -- or as I've said it a lot of times -- this cross-pollination of their services. And they're trying to raise more money by showing the value that they've got within an organization as opposed to just one program or one space or one piece of the larger elephant.

My next slide and my last slide, is about relentlessly tracking metrics and adjusting. I've got a table here that's got a lot of ideas for kinds of metrics. Really, the kinds of metrics you want to look at depend very much on what you're doing and how you're doing it. I circled some that I thought were somewhat interesting.

Increasing the ROI of your outreach effort. When you're doing outreach, if you're spending money on email campaigns or direct mail campaigns, year over year, what's the return on that? How much are you making, how much participation are you getting? Are you benchmarking it, are you tracking it and are you trying to get better? Are you improving the targeting?

Maybe instead of sending one, you segment all of your people and you send two or three different types of messages out there to try to increase that, but benchmark it and see how you're doing year over year.

On the sales and fundraising side, I circled "increase the value per constituent," or increase the lifetime value. You know, your constituents have a value to your organization. That value either comes in as dollars, but if they attend a program, that's more of the mission side.

For every constituent, how can you value that? It doesn't have to be a dollar amount necessarily, but there is some value to that and having one person attend versus 10, having 10 people attend an event is more valuable than one. Having 100 people attend an event or a program is more valuable than 10.

How do you value that and how do you look at value of all of the events that they attend and all of the volunteering that they do and all of the money that they give? How do you get a holistic view of the value per constituent and are you increasing that over time?

In the commercial world, often retail companies will look at how well they do something called cross-selling. If you bought one product, if you bought a second kind of product, or a third kind of product that we've got.

I think that applies very, very well to the nonprofit sector. If someone's attended one program, is it appropriate for them to attend a different kind of program in your organization? Are you cross-selling those things and are you measuring that over time? Sometimes, of course, that's not appropriate, but look for those kinds of opportunities and measure it. "Increase your average program use" is another one I've got circled. If you had 500 people attend this year, can you hit 750 and how? And then start working backwards.

In the service side, I circled something in "increasing constituent self-education." Can you take what you're learning from interactions -- you're seeing a certain kind of question emerge or a certain interest in an educational area -- can you use that as feedback to provide more of that kind of educational service out onto your website? So, the self-education piece.

If you're getting a lot of phone calls -- the technical assistance group I talked about, boy, they acted just like a customer service call center! You call a technology provider, people calling in and asking questions. These guys, they're lawyers. They're getting questions from all over the state and the country about particular legal issues and they're answering those questions. And if they're good at it and they're trying to get better, they publish answers to those frequently asked questions back onto their website and guide people to those types of things so that they can focus on the higher-value types of interactions as opposed to simple question-and-answer types of things.

So, are you looking at helping constituents self-educate? And then measure that, because that, more than likely, is part of your mission.

Lots of different kinds of statistics. Again, look at what's meaningful to you and your organization and particularly your mission. This stuff doesn't necessarily have to be all about donors, it can very well be the return on your mission is how many people you've helped and that helps you make the case to go back out to foundations. That's one of the ways that nonprofits are trying to get value out of this CRM effort that they're doing.

That concludes my prepared talk for this morning. I would love to turn it over for questions. I'm guessing there's lots and lots of questions out there. So let me turn it over to you guys and see what's on your mind.

Jono: Great. Thanks, Paul, that's a great presentation. And we do have some good questions that are blowing in. Just a reminder, you can email your questions right now to fundraising123@networkforgood.org.

And the first question comes from Ariel, writing in from San Francisco. "Hi, Paul. First of all, this is great. Thank you. I'm so excited to start looking at these issues in our organization. My question: have you ever seen Microsoft Access, work well as a CRM? I'm especially concerned with how well it can evolve with our needs. We've got a lot of data invested in Access, so changing CRMs seems overwhelming and I'm just not sure we're using Access as well as we could. But I don't want to keep using it if it's a problematic solution for the long-term. FYI: We're a six-person nonprofit, probably expanding to eight by the end of the year."

Paul: Great. Let me give you three levels of solutions. When you're talking about Access, you're talking about a database from scratch, so Access, FileMaker Pro, MySQL, Oracle, it's like a blank piece of paper. There's nothing on it.

They're incredibly powerful for storing data, but you're really creating everything from scratch. You're building it, it's not even a model, you know, I think of the model kits that I used as a kid, you're not even at that level. You're like taking pieces of plastic and you're cutting them out and you're trying to make a model car out of something like that.

That can be OK, but you really have got to be able to know what you're going to achieve and you're going to spend a lot of money on database consultants to actually recreate the wheel for other things that are out there.

The second layer up is what I would consider CRM platforms, so Salesforce, CiviCRM, SugarCRM, there's a number of them out there. They're a platform, they've got a database underlying it, but they've done a lot of the basic things like constituent, you know your Outlook -- when you think about Outlook -- it's got all of that kind of functionality, plus it's got the ability to start tracking your interactions with different people, plus it's already for the most part got integrations into things like bulk email tools and into online donation kinds of things.

So there's some pre-built functionality that gets you to a place that's a whole lot different than starting from just a bare bones custom database. And you can do a lot of customization.

The third level up is a pure packaged application, an off-the-shelf solution. Like if you've got an association and you need membership directories and association management, there are some packaged applications out there, Convio and Centera, CitySoft, a lot of these guys are a lot more packaged for the generic nonprofit. They've got a lot more function, they're at the most functionality kind of built in.

As you go from the very bottom all the way up to the very top, you have less flexibility. So at the bottom level with something like Access, you've got all the flexibility in the world, because you can do anything you want.

In the middle section, you can't quite do as much as you could with the blank database, but you've got a lot more functionality that you don't have to rebuild and you're leveraging a lot of development.

At the high end you've got the least amount of flexibility, because the vendor has defined everything that you want from it.

I would say at this point in time, doing stuff, unless you've got a really, really strange business model -- at Forester, every company that I ever talked to said, "But we're so different from everyone else." And I just looked at them, I'm like, "No you're not."

About 80% of what you do operationally looks a lot like every other company out there and same with nonprofits. So many nonprofits I talk to, they're, "We're so different than the commercial sector," and, "We're so different than any other nonprofit." It's like, "Yeah, maybe about 20-25% of you are."

I would say at this point, if you're developing straight on Access, I think you're doing yourself a disservice. I would say migrating to at least one of those platform types of things -- I think very, very highly of the CiviCRMs and the Salesforce out there. I think those kinds of tools are providing a tremendous amount of flexibility and power. They don't do everything and there are some risks associated with that, because you've got to know what you're building on top of that, if you've got any kind of different functionality, or you've got to be getting a developer that can do that.

And then the packaged applications, look at them carefully because there are certain verticals. I think it's fairly mature in the association management space. There's some good tools out there that really have nailed down all of the main processes in a six-person company. If you're an association, go with a package app. They've got everything that you need.

If it's something different, you may look carefully at your processes. Understand what your process is and how you want to do your process. Be flexible, but then make sure those are defining the technology as you look at, you know, a six-person company, you're probably looking at something more like a CitySoft or a Democracy in Action, is my guess.

Jono: The next question comes from Barbara. Barbara has worked for an organization in Detroit and they have a donor database, but they also have field staff who are collecting clients' contact information on a regular basis and storing that information on their own in the field in different databases.

So she has what is essentially a business process question and she's asking: "How do you convince your field staff to send you the new client contact information on a regular basis so it doesn't have to reside in multiple spreadsheets but go into the central donor database?"

Paul: Great question. I actually think of the Buddhist concept of "wu-wei," or "go with the flow." You know, it's hard to convince field staff to do stuff if the tool isn't quite there, if you're going to create more work for them.

There are tools, once again, that allow people to actually access a database through their Palm Pilot. I would be thinking very seriously about, can you give them at least a database where it is Web and wirelessly accessible? Where you're going to invest in some sort of handheld devise like a Blackberry, or a Treo or something like that that has an application that would actually allow them -- while they are in the field -- to access their calendar and their tasks and be able to enter their information right into that application. If they've got a new contact, they can enter it right there and it feeds automatically into the database.

That's the kind of thing I would be looking for. The campaigns, all of the political campaigns, are faced with a lot of this and are making that available -- either it's pure Web-based and so they are requiring volunteers to at least go online and put those in, or better yet, go straight to the field, to the handheld types of things.

I would be seriously looking at that. I would be happy to chat about some of the options that might be available if you want to contact me. That's probably what I would be doing. Otherwise, you have to build in organizational incentives and say, "I'm going to review each of you guys in the field every two weeks or every month and look at the centralized place and if your contacts are not in there, it's as if they don't exist, because they are in your head or in the Excel spreadsheet."

There is some of that building of those organizational incentives. If you don't have the tool -- or even if you do have the tool -- doing that kind of thing becomes really important, because even with the simple tool, an extra 30 seconds to do something can be a daunting amount of time.

I talk regularly with clients you try not to build those incentives where it becomes part of your organizational culture to every two weeks look at reports that are in the database. It is not in there, it's not institutional and therefore it doesn't exist. Therefore, you're not doing your job. Start getting them in the path of doing that kind of things.

Jono: Great. We've got time for just one more question. Before we offer that up, I just wanted to remind folks, if you want to continue your learning about CRM, or donor management or any of the topics we discussed today, go to the Network for Good Learning Center at www.fundraising123.org. Click on the "donor database" tab and we literally have hundreds of articles on CRM and donor databases, including a few that that Paul has offered himself. So, you can read those at your leisure at www.fundraising123.org.

The next and last question we have time for is from Norman. I promise this isn't a setup and that we didn't pay Norman to ask this question. He said, "Since you mentioned Salesforce a few times, you mentioned the usefulness of the non-profit template, which they offer."

And just a really quickly add a point here: as I mentioned at the top of the call, Network for Good does have its own mini-CRM solution called a Donor Management Suite and it is based on Salesforce. So we obviously are big fans of Salesforce. If you would like to learn more about how we use Salesforce or the Suite, feel free to email us at fundraising123@networkforgood.org.

Paul: Yeah. So I do like Salesforce a lot and I think it's a really powerful platform. It's built for corporations and the beautiful thing is it deals with a lot of same kinds of issues that non-profits get. Early on in the non-profit tech space, there was a lot of complaining: "Why don't non-profits get access to the same kind of enterprise-class software that corporations do?" I certainly think it's an interesting solution up there. It's not the only one and it's not for everyone, but it certainly is worth taking a look at in the context of looking for software.

The non-profit template. There are a couple of issues that I've got with it right now. One is I tend to be fairly anti-donor-management solutions. I am that way because there are a lot of donor management solutions and they forget the program side. Every single organization that I'm dealing with is struggling with: we've got all of this program stuff, as well as the fundraising and sometimes the program stuff is more important than the fundraising side.

The template has tried to create some overlap with the two, but I would be careful, because there are some things that it changes in terms of the core infrastructure of the database. It undermines that ability to deal with some of the other kinds of core issues.

There is a group right now that is working. It includes Convio. It includes One Northwest. Steve Anderson from One Northwest, who I respect immensely, is program managing it. Rem Hoffman at Exponent Partners and there are a couple of non-profits who are involved, who are in the process of redefining the template, redefining the donor management side of it, as well as all of the other things and are going to be releasing it probably in another three or four months.

It's the non-profit template that was created was created within Salesforce and it was good intentioned, but it's not gone through the real rigor of understanding the 80% operational types of things that all non-profits are going to do. I have high hopes that this next version is going to be a significant leap forward in what that template is. That said, the template certainly is working well for any number of organizations.

You really have to decide: do you really just need the donor side? How much of the programmatic side do want on Salesforce? I would imagine if you want a lot of the programmatic side, some of the stuff with the template may or may not be useful for you.

Be careful with it and, like I said, everything depends on just finding what you need first, define the programmatic stuff, as well as the financial stuff. There's bunch of non-profit partners out there that are helping non-profits implement Salesforce, work with them and figure out, does it make sense for you to start with the template or does it make sense for you to start from scratch? Or perhaps even one of the other kinds. There's lots of templates and different kinds of templates out there. Drive if off of what you need first and get help. Drive it off of your business needs first, not the fact that it exists.

Jono: Great. Thank you very much, Paul. Again, just to end with a few reminders. Next Tuesday we will be concluding our donor management series with Paul, Eric Leland, Robert Walker and Robert Weiner.

We'll be hosting a live Q&A panel where you can bring all of your questions about donor management, CRM, strategies for implementing business process questions, how to find a consultant, how to do data migration, everything from the strategy to the nitty-gritty details. Feel free to bring those questions next week, Tuesday, from 1:00 to 2:00 Eastern time. Once again, thanks ,Paul, for your time today.

Paul: Thank you very much, everyone.

Jono: And thanks for joining us on today's call. We look forward to speaking with you next time. Bye-bye.