Ten Common Mistakes in Selecting Your Grants Management System (And How to Avoid Them)

**American Association of Grant Professionals
NorCal Chapter**

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What We'll Cover

- Who should make the decision?

- What might a new system cost?

- Assessing your needs.

- Comparing systems.

- Conducting due diligence.

- Implementation and ongoing support.

- Resources.

- Questions.

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Mistake #1:
Letting Techies Make the Decision

- Include techies on the selection team, but don't let them make the decision alone.

- Functional experts should drive the decision-making.

- Include the real users in the process (data entry, program officers, etc.).

- The decision should be based on input from all affected parties.

Mistake #2: Wishful Budgeting

- Software is often a fraction of the total cost.

- Grantmaking systems range from approx. $2K/yr. to > $100K/yr, or 1-time costs of $15K to > $200K.

- Donor databases range from < $500 to > $1 million.
  - Also Open Source & Freeware, but may lack support, training, documentation, good interface design.

- Plan for support, training, conversion, consulting assistance, additional modules (if appropriate).

- If you can't afford the maintenance or training, don't buy the software!

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2.1 Sample 5 Year Budget

Item	Unit	Cost	Total
Software	1	$15,000.00	$15,000.00
Staff training	5	$1,500.00	$7,500.00
Workstations	5	$1,250.00	$6,250.00
Shared Printer	1	$350.00	$350.00
Consulting	40	$125.00	$5,000.00
		Total Year 1	**$34,100.00**
Support, years 2 - 5	4	$3,000.00	$12,000.00
Ongoing Training	2	$1,500.00	$3,000.00
Workstation Upgrades	5	$1,250.00	$6,250.00
		Grand Total	**$55,350.00**

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.

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3.1 Assessing Your Needs

- What's wrong now?

- For nonprofits: How do you (plan to) raise money (grants, direct mail, memberships, major gifts, events, sponsorships, online)?

- What does the system need to track and manage (donors, relationships, online applications, reviewer evaluations, grantee reports)?

- Where do you see the organization in 5 years?

- Identify **mandatory** needs, prioritize the rest.

3.2.a Prioritizing Your Needs - Funders

GENERAL	Rating (0 - 5)	Comments
	5 = Mandatory 0 = Not Needed	
Supports online applications.		
Can print a summary of an application.		
Can link applications to attachments.		
Reviewers can rate applications online.		
Can set up default evaluation checklist templates.		
Can customize default checklists for each grant or program.		
Can show whether applicant has been funded previously.		
Can show whether applicant has been refused previously.		
Can assign applications to specific reviewers.		
Can create docket templates.		
Can create letter templates.		
Can send letters via email.		
Can set up flexible payment schedules.		
Can track quarterly reports from grantees.		

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3.2.b Prioritizing Your Needs - Nonprofits

GENERAL	Rating (0 - 5)	Comments
	5 = Mandatory 0 = Not Needed	
Joint and separate records for couples.		
Supports data entry defaults.		
Supports gift entry batches with control totals.		
Can enter "1-off" gifts without having to open a batch.		
Unlimited addresses for constituents.		
Email addresses and phones do not need to be tied to physical addresses.		
Can track soft credits.		
System allows for joint and separate giving records for spouses.		
Can track relationships between records (employer/employee, board member/organization).		
Includes LYBUNT and SYBUNT reports.		
Supports custom reporting using Crystal or similar tool.		
Can send letters via email.		
Integrated online giving.		

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Mistake #4: Randomly Looking at Demos

- Start with requirements.

- Identify possible vendors.

- Invite a few vendors to present scripted demos, using *your* data if possible.

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4.1 Identifying the Vendor Pool

- Vendors must fit your culture, staffing, and budget, as well as meeting functional needs.

- Vendors should have demonstrated experience addressing your issues.

- Consider what worked at your last job only if the needs, organizations, staffing, and budgets are similar.

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4.2 Identifying the Vendor Pool

- Ask similar organizations, as well as professional orgs like
  - TechSoup, CharityChannel, Information Systems Forum for nonprofits.
  - AAGP, GEO, COF, TAG for funders.
- Feel free to accept input from board members, donors, volunteers, or the boss, but make an educated, collaborative decision.
- Optional: Issue a Request for Proposals (RFP)
- Tell the vendors what you need to see.

4.3 Optional: Issue a Request For Proposals

- Goal is to narrow the vendor field.
- Ask clear, unambiguous questions.
- Be Specific:
  - "Show how your system would handle donations in $, ¥, €, and £" not "Can it track gifts?"
  - "Can we customize the online application form" "Can we use our own style sheet?" not "Can your system accept online applications?"
- Anything you ask for you will have to read and score!

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4.4.a Scoring the RFP Responses - Funders

Function	Score	Comments
Can customize the online application form.	5	Limited customization. Not clear to what extent.
Can use our style sheet.	10	
Can create custom review checklists.	5	No customization. Not acceptable.

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4.4.b Scoring the RFP Responses - Nonprofits

Function	Score	Comments
Can track unlimited relationships.	1	Limited to 2. Not acceptable.
Couples can have separate records.	10	
Can show a couple's combined giving.	3	Requires a custom report. Not viewable on screen.

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4.5.a Software Demonstrations

- Sample of a Demo Script - Funder:
  - Show how the Moose and Squirrel Ballet would apply online for a $100,000 grant.
  - Show how we would link the application to electronic and scanned documents.
  - Show how we would set up an evaluation checklist, and show the process a reviewer would use.
  - Show how we would see that they were turned down last year.

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4.5.b Sample of a Demo Script - Nonprofit

- 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 who have given over $500 cumulatively within the past 2 years or over $1,500 cumulatively in their lifetime.

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4.6.a Grading The Demos - Nonprofits

Simple rating form:

- Make sure key stakeholders can attend.

- Invite all interested staff.

- Collect input from everyone.

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

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4.6.b Grading The Demos - Funders

Simple rating form:

AREA	RATING	COMMENTS
Online applications		
Electronic reviews		
Correspondence tracking		
Reporting		

Mistake #5:
Falling in Love with Cool Features

- Focus on features that meet your needs, customer support, Total Cost of Ownership, vendor viability and reputation, risk, etc.

- 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.

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Mistake #6:
Falling in Love with the Salesperson

- You're not buying the salesperson.

- You might never see the salesperson again!

- Check references.

    Resource: Sample reference check questions (on page 6): www.rlweiner.com/case_handbook_chapter.pdf

- Test the software and score your tests.

    Resource: System Usability Scale
    www.usabilitynet.org/trump/documents/Suschapt.doc

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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.

- Plan for the future, but make sure you can use it *now*.

Mistake #8: Confusing Highly Functional Software with Highly Trained Staff
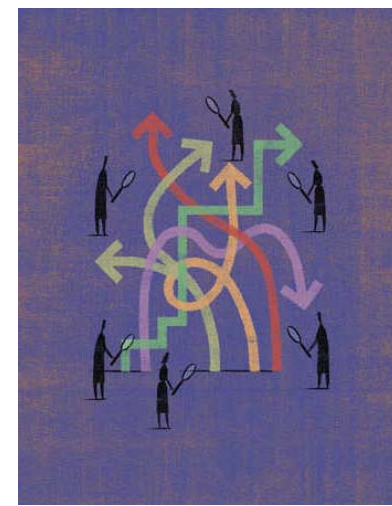
- Un/under-trained staff, lack of communication, confusing business processes, and poor management will not be solved by new software. In fact, the problems may get worse.

- Higher-end software requires *more* computer skill among users, not less.

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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 System 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?

- Will existing staff need new skills?
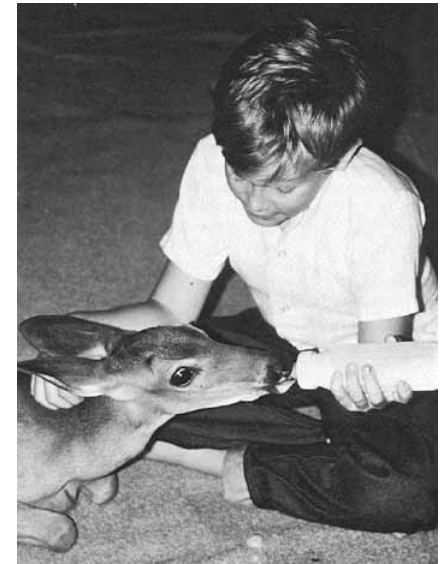
Mistake #11: Building Your Own System

Why Not Build Your Own?

- **Risk** (how do you know it will work?).

- **Distraction** (program officers 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?).
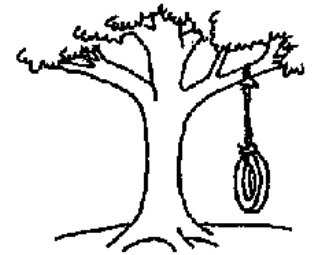
What the user wanted.

As installed at the user's site.

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Recap

- Involve stakeholders in the decision.
- Decide what you're looking for.
- Structure demos so you can compare "apples to apples."
- Make sure you understand all the costs.
- Trust but verify (check references and test the software).
- Plan for implementation and ongoing support.
- If you can't afford training and maintenance, don't buy the software.

Resources – Grantmaking Systems

Idealware: *A Consumers Guide to Grants Management Systems*

http://www.solpath.org/results.html

Idealware: *A View of the Grants Management System Marketplace*

http://www.solpath.org/results.html

Idealware: *Grants Management Software Interview Analysis Report*

http://www.solpath.org/results.html

Idealware: *Grants Management Software Survey Results and Analysis*

http://www.solpath.org/results.html

Technology Affinity Group: *Annual Grantmakers Information Technology Survey Report* (only available to TAG members)

http://www.tagtech.org/

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Resources – Donor Databases

Batchelder, Duff: *Evaluating & Selecting Fundraising Software*
  www.techsoup.org/learningcenter/software/page4829.cfm

Battin, Tom: *Should Nonprofit Agencies Build or Buy a Database?*
  www.techsoup.org/learningcenter/databases/page5028.cfm

Idealware: *A Consumers Guide to Low Cost Donor Management Systems*
  http://www.idealware.org/low_cost_donor/download.php

TechSoup: *Selecting Donor Management Software*
  www.techsoup.org/learningcenter/databases/page4797.cfm

TechSoup: Technology for Fundraising discussion forum
  http://forums.techsoup.org/cs/forums/18.aspx

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*
  www.rlweiner.com/nten/why_building_your_own_database_should_be_your_last_resort.pdf

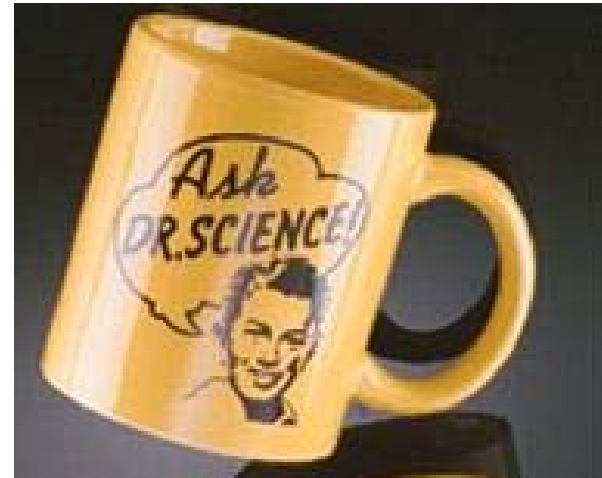Weiner, Robert: *Finding the Perfect Fundraising Database in an Imperfect World*
  http://www.rlweiner.com/grf/grf_finding_perfect_database.pdf

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

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Questions?

What are your top takeaways from this workshop?

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More Questions?

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