

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

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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.



Mistake #1: Letting Techies Make the Decision

- Include techies on the selection team, but don't let them make the decision alone.
- Convene a selection committee of functional experts (direct mail, major gifts, grant writing, gift entry, *and* IT). They should drive the decision-making.
- IT should advise on standards, and might manage the process.
- Be sure to get input from the real users.
- The decision should be based on input from all affected parties. However, some needs will be most important, and some may not be achievable.



Mistake #2: Wishful Budgeting

- Software is usually a fraction of the Total Cost of Ownership.
- Software 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!



2.2 What Should You Budget For?

- Software (of course)
- Hardware (server(s) and desktops)?
- Network upgrades?
- Implementation assistance?
- Initial training, ongoing training, and retraining.
- Customizations?
- Interfaces to other systems?

2.3 What Will It Cost?

- Ballpark starting price: ~0.25% to 0.5% of annual operating budget. \$1M budget = \$2,500 to \$5,000.
- Annual support: ~20% of retail price.
- Conversion cost will depend on:
 - How much/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.



2.4 Sample 5 Year Budget

Item	Unit	Cost	Total
Software	1	\$5,000.00	\$5,000.00
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	\$17,850.00
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	\$29,600.00



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 meets your needs.



3.2 Assessing Your Needs

- What's wrong now? What works well?
- How do you (plan to) raise money (grants, 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?
- **Identify mandatory needs, prioritize the rest.**



3.3 Prioritizing Your Needs

Features	Must Have	Would Be Nice	Ideal	Not Req'd	Comments
Records Administration					
Multi-level password protection.					
Joint and separate records for couples.					
System has a "smart search" feature so user does not have to type in records full name.					
Users can set up data-entry defaults.					
Separate recognition names (annual reports or honor rolls) so donors can be tracked.					
System allows for joint and separate giving records for spouses.					
Addressee/ mailing name and salutations are auto-created based on a prefix and last name (i.e., Mr. Tom Jones).					
Relationships can be tracked between records (employer/employee, board member/organization).					

Source: www.npowerseattle.org/education/resources/donor_toolkit.htm



3.4 Quick Exercise

What are some of the top things you're looking for?



Mistake #4: Randomly Looking at Demos

- Start with requirements.
- Identify possible vendors.
- Invite a few vendors to present scripted demos reflecting real-life needs.
- Test the software
- Check references.

4.2 Randomly Looking at Demos

- 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 and organizations are similar.

4.3 Identifying the Vendor Pool

- Ask similar organizations, as well as on lists like [TechSoup](#), [CharityChannel](#), [Information Systems Forum](#).
- 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).



4.4 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?”
 - “Show where your system would track catering costs” not “Can it handle events?”
- Anything you ask for you will have to read and score!



4.5 Scoring the RFP Responses

Function	Value	Score	Comments
Can handle foreign donations.	10	0	Can only handle \$. Not acceptable.
Can track event costs.	6	6	
Can link related records.	10	5	Can only link 2 records.

4.6 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.



4.7a Simple Demo Script

- Show how to:
 - Enter gifts, including a corporate match with “soft credit” to the individual.
 - Track multiple relationships.
 - Track a grant proposal.
 - Select records based on combined demographic and gift criteria.
 - Create a new report.



4.7b Complex 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?
- Show an example of a lapsed donor report.
- 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.



4.8 Quick Exercise

What might be in your script?



4.9 Grading The Demos

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

Simple rating form:

AREA	RATING	COMMENTS
Data Entry	8	Intuitive
Membership Mgmt.	10	Excellent
Prospect Management	5	Barely adequate
Events Management	7	Acceptable

4.10 Grading The Vendors

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

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 factor; if they don't perform or 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.



5.2 Remember to Focus on Core Needs

Your Database Should Tell You Things Like:

- Who gave? How much, when, and and for what?
- How much has Jane Doe given this year? Ever? Largest single gift? For how many years?
- Who are your biggest donors?

Your Database Should Help Keep You on Track:

- What was your last contact? What's next?

Your Database Should Help Focus Your Fundraising:

- Whom should we invite to our gala? Ask for a larger gift this year? Cultivate for a major gift?



Mistake #6: Falling in Love with the Salesperson

- You're not buying the salesperson.
- You might never see the salesperson again!
- Get access to a demo system. Test the software and grade the tests:

<http://meiert.com/en/upload/2007/04/sus.pdf>

- Check references. Sample reference check questions:

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.
- Plan for the future, but make sure you can use it *now*.
- Caveat: underbuying can be an equally serious mistake.

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.

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? Will existing staff need new skills?



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?).



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

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

Grassroots Fundraising Journal: March/April Special Issue on Fundraising Databases

www.grassrootsfundraising.org

Idealware: articles on constituent databases

www.idealware.org/articles/constituent_databases.php

TechSoup: *Selecting Donor Management Software*

www.techsoup.org/learningcenter/databases/page4797.cfm

TechSoup: 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*

www.rlweiner.com/nten/why_building_your_own_database_should_be_your_last_resort.pdf

Weiner, Robert: *Looking for Databases in All the Right Places*

www.rlweiner.com/articles/weiner_npq_article.pdf

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

