

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

Idealware Webinar Series

November 8, 2007

**Robert Weiner, Robert L. Weiner Consulting**

robert@rlweiner.com

415.643.8955

[www.rlweiner.com](http://www.rlweiner.com)

# 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.
- 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!

## 2.2 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?

## 2.3 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 and 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
		<b>Total Year 1</b>	<b>\$17,850.00</b>
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
		<b>Grand Total</b>	<b>\$29,600.00</b>

## 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.



## 3.2 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?
- Identify **mandatory** needs, prioritize the rest.

## 3.3 Prioritizing Your Needs

Feature	Must have	Would be nice	Ideal	Not Req'd	Comments
Records Administration					
Multi-level password protection					
Join 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/mailling name and salutations are auto-created based on a prefix and last name (i.e., Mr. Tom Jones).					
User can overwrite auto-created addressee or mailing names.					
Relationships can be tracked between records (employer/employee, board member/organization).					

Source: [www.npowerseattle.org/education/resources/donor\\_toolkit.htm](http://www.npowerseattle.org/education/resources/donor_toolkit.htm)

## 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 reflecting real-life needs.

## 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 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.

## 4.6 Software Demonstrations

- 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.



## 4.7 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		

## 4.8 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
<b>Grand Total</b>	<b>73</b>	<b>65</b>	<b>71</b>

## 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.

## 5.2 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, 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!
- Check references. Sample reference check questions: [www.rlweiner.com/case\\_handbook\\_chapter.pdf](http://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.
- 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? 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](http://www.techsoup.org/learningcenter/software/page4829.cfm)

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

[www.techsoup.org/learningcenter/databases/page5028.cfm](http://www.techsoup.org/learningcenter/databases/page5028.cfm)

Idealware: articles on constituent databases

[www.idealware.org/articles/constituent\\_databases.php](http://www.idealware.org/articles/constituent_databases.php)

TechSoup: *Selecting Donor Management Software*

[www.techsoup.org/learningcenter/databases/page4797.cfm](http://www.techsoup.org/learningcenter/databases/page4797.cfm)

TechSoup's Technology for Fundraising discussion forum

[www.techsoup.org/forums/index.cfm?fuseaction=list&forum=2022&cid=117](http://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](http://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](http://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](http://www.rlweiner.com/articles/weiner_npq_article.pdf)

More resources are posted at [www.rlweiner.com/resources.html](http://www.rlweiner.com/resources.html)