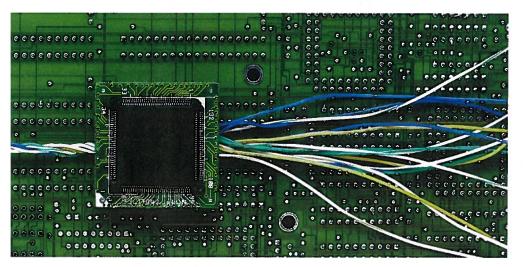# How Are Your Technology Investments?

BY BOB ALVES

"It's when the tide goes out that you find out who has been swimming naked."
—Warren Buffet

This classic quote attributed to Warren Buffet refers to investors who are over-leveraged and benefiting from a rising economic tide as opposed to smart investment decisions. It can be applied to many other situations, including nonprofits and technology. If you were "swimming naked" with outdated and incomplete technology during the rising economic tide, you may find that you are ill-equipped to deal with the ramifications of the economic downturn.

While you are probably able to name several reasons why you cannot invest in technology now (with money, or lack thereof, being at the top of the list), there are three reasons why you should invest in technology—now:

- **You most likely have reduced headcount.** If your organization is like many nonprofits, you have already let some staff go as a cost-saving measure. Unfortunately, the work these employees did does not leave with them. While remaining employees can be counted on to pick up some slack, and in some cases efficiencies can be gained by reevaluating job responsibilities, you may still have more work to go around than staff available. Planning will take you only so far. You need to evaluate and determine how to automate tasks that staff is currently performing manually.
- **You need to cut expenses and keep contributions from falling.** As you take a hard look at your budget, you are most likely finding ways to cut costs, such as minimizing travel. Nevertheless, eventually you start to cut into flesh and begin to cut costs that directly affect contributions. You will need to evaluate where strategically spending money will not only increase contributions, but also lower expenses.
- **The economy will eventually rebound.** The good news is that the world economy will eventually rebound, and the current economic orthodoxy targets 2010 for the rebound. However, will yours be an organization that hunkers down and limps through in the meantime, or will you use this year to reevaluate everything you do and make strategic improvements to position your organization for 2010 and beyond?

Technology Investments

To start, consider these five technology investments that will save staff time, increase revenue and lower expenses:

1. Outsource your IT (information technology) infrastructure. Considering investing in new software? You also may have to upgrade your network, which can be expensive, not to mention time-consuming for your IT staff. One option is to outsource some or all of your IT infrastructure. This means buying or renting a server in a secure facility, typically more secure and reliable than your own network, at a fraction of the cost of upgrading your network. This type of "hosting" environment includes maintenance and support service, which can free-up your IT staff to focus on supporting your core applications.

**2. Connect your CRM database to

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your website. Is your CRM (constituent relationship management) or donor database really connected to your website? Are transactions, such as donations, event registrations, product sales and profile updates, recorded directly in your database? If not, you may be wasting staff time rekeying transactions or correcting mistakes created as a result of multiple databases.

Do you use a professional CMS (content management system) to manage your website? CMS packages allow you to decentralize web content management and provide staff with the ability to easily update your website. Workflow rules can be put in place to ensure your organization's brand standards are maintained. A website maintained with a CMS requires less time to review and update than a custom website maintained by a few gatekeepers.

3. Automate manual tasks. The No. 1 manual task that can be automated is data entry. If your database is connected to your website, you are already saving a substantial amount of staff time by recording online transactions directly in your database. However, once those transactions are recorded in your database, there are many manual tasks that must occur as a result. Collectively, these manual tasks represent much of your organization's internal "business rules" and are typically maintained using Word documents, Excel spreadsheets and people's own memories. By automating these tasks you not only save staff time, but you also record, in one place, your organization's internal business rules, safeguarding against the lost productivity that results from employee turnover.

An example of an internal business rule you may have is donor recognition. You may require different recognition responses based on giving levels, such as a personal phone call by your executive director, in addition to your standard response, within 24 hours of receiving the pledge. Without automation, this may require one staff person to run a report each day and notify the executive director if a call needs to be made by emailing a profile report. This same

staff person has to follow up to make sure the call was made and then update the database with the result.

With better automation, a process can be created to review the database daily (or more frequently, if you like), assigning a task via email to the executive director when a large pledge is added to your database and updating the database once the executive director makes the call and records the results. You could even add a task to check on outstanding calls, assigning a task to a staff person when a call is outstanding.

4. Replace print with electronic marketing. This is one of the most common and easily understood technology purchases for cutting costs and increasing revenue. The benefits are obvious: cost savings through reduced print and postage and improved response rates through the ability to better measure who is reading what and when.

You can leverage the benefits of email marketing, although without completely replacing print mail. Print direct mail should be used for people who do not have email and for pieces that are meant to be used for a long period of time. On the other hand, email should be used for your announcements and newsletters.

Just like your website, your email package should be connected directly to your database. It is critical for leveraging existing data to properly target communication as well as record results.

5. Leverage the power of your existing community. This last technology investment is the most difficult to quantify, but arguably the most powerful. Your greatest asset is likely to be your community of donors, volunteers, members and other constituents. If your communication and marketing strategy is based on a one-to-many paradigm—with you doing the communicating and your constituents doing the listening—social networking technology may be a growth opportunity for you.

The key is not to approach social networking as a laundry list of "me too" items—blog, Twitter, Facebook page, etc.—but rather to identify specific

ways that social networking technology can add value. To illustrate, fundraising events or drives that rely on volunteers to raise money through phone calls or printed sign-up sheets are prime examples of activities that also can be conducted online, leveraging web and email technology to exponentially increase returns.

Adding social networking technology to your website in the form of individual profiles, discussion forums and blogging capabilities is a way to add value to your donor base without adding a significant amount of extra work for staff. You still must plan and manage your social networking activity, but if social networking is deployed properly, your most invested and passionate constituents can be empowered to add greater value to your organization and help further your cause.

Time Is of the Essence

The most crucial issue to consider when investing in technology this year is time. While it is important to maintain a long-term view when evaluating any investment in infrastructure, it is critical to be confident that the technology you invest in can be operating in the time frame and at the cost your vendor promises. Look closely at the track record your vendor can demonstrate for meeting implementation time frames. Do not gamble on flashy technology; invest in proven solutions.

It is also important to maintain a realistic view. Most of the technology investments described in this article take time and effort to implement properly. Some can be accomplished more quickly than others, but it is important to never approach any infrastructure investment as a quick, overnight fix. The most important point to consider is that the tide will come back in, and this is the year to position your organization to take advantage of the next rising tide! ◉

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