Selecting Software for Your Nonprofit

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Executive Summary

In planning for the coming years, have you considered how your software system could be more useful? As leading technology becomes more affordable, software is likely to be on your organization's list of research projects. Maybe your organization tracks contributions using donated software and hardware, or you may employ a more rudimentary system such as index cards to document important information about your donors. It's possible you've outgrown your accounting, development or school administration software and are looking for a fresh start. Whatever your situation, knowing the fundamentals of searching for software is essential.

Generally, there are two primary goals associated with selecting the ideal software system. First, good software will automate many tasks, enabling you to operate more efficiently. Second, well-designed software will grant you enhanced access to your information. Not only should a useful software system simplify data storage, it should provide your organization with a means for analyzing and acting on its valuable information.

Gather your colleagues, and ask yourselves how your offi ce can do things better. Make a list of ways you'd like to increase efficiency and eliminate redundancies. Chances are good that many of the items on your list can be addressed by technology.

Analyze Your Organization's Needs

Develop a Plan

The first step in assessing your technology needs is to consider the current size and scope of your organization and compare that to where you hope to be in several years. Answering the following questions should help you with this assessment and provide some guidelines for your software search. These questions will vary based on the type of system(s) (accounting, development, education or a combination) you are seeking.

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Staff: How many staff members do you have in your development office? Business office? Box Office? If a school: Admissions office? Registrar's office? Student billing department? Consider the percentage of time each staff member spends accessing, updating and using data. Many companies price software based on the number of concurrent users requiring access to the system.

Revenue: What are your current and future goals with regard to fundraising? Tuition? Enrollment? Grants? Program revenue?

Capacity: How many gift records and constituents do you have in your fundraising database? How many members does your organization have? How many funds do you need to track in your chart of accounts? How many students apply to and attend your school? How many classes do you schedule each semester? How many alumni do you need to keep tabs on?

Growth: Are you launching a new campaign that will result in numerous records and gifts? Would you like to track special events? Does your organization plan to use its Web site for fundraising? Does your school have a lofty goal for increasing enrollment in the coming years? Is your board asking for more sophisticated financial analysis? It's critical to select a system that will grow as you grow.

Reporting: What type of reports is your office required to generate regularly? Consider all requests from other staff members, your board of directors, auditors, donors, FASB, the IRS and Revenue Canada. In addition to requested reports, what type of information would help your organization operate more efficiently and/or expand its reach?

Integration: Could you benefit from enhanced communication among your departments? What kinds of redundancies could be eliminated with an integrated system? What types of data do you share with other people within your organization? How do you process the information you collect from your organization's Web site?

Your responses to the questions above will prove useful for determining the system that will best meet your needs. In addition, posing these questions may raise many more with regard to specific roles within your organization, communication issues, data processing duties, etc. Don't be discouraged if some of the answers are difficult to determine; it is a challenging exercise to consider technology needs in the broader scope of your organization's overall mission. The more willing you are to acknowledge that this process is not a simple one, the more likely you are to conduct a thorough search that will result in the selection of a system most appropriate for your organization.

Assess the Way You Work

As you work through the assessment of your organization's needs, you should review each person's job responsibilities to ensure every role is defi ned to maximize efficiency and productivity throughout your office. Consider the amount of time each staff member will spend on the computer using the accounting, fundraising or student records databases. Try to identify redundant tasks that could be eliminated by dividing assignments more logically or by implementing a more sophisticated system.

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Establish Policies

This is also the ideal time to ensure that your organization has policies in place for many basic functions including data entry and passwords. As your staff grows and changes, many people may have access to your data. Maintaining the integrity of your database is critical, and adhering to established procedures will help ensure consistency among your records. Remember that information you retrieve from your system can only be as good as what you put into your databases.

By gaining insight from other nonprofits with similar structures or annual budgets, you'll be well informed when you meet with your Board.

Determine Functionality

Now that you've assessed your organization's needs, staff and procedures, you should be able to compile a list of expectations for your new software. Be as specific as possible when considering the functionality of your new system. You may find it useful to prioritize your requirements as "must-have" or "wish list." This will also be a great help to vendors when they respond to your request for information.

Also, consider how you would like the new system to work with software that your organization is already using. Keep in mind that different systems accomplish integration in different ways. Because software vendors can draw experience from their clients, they may provide suggestions you have not considered. In summary, be specific about what you need the system to do, and be open to how you expect it to accomplish your goals.

Set Time Frames

Establish realistic time frames for both researching and implementing your new system. Reading documentation, reviewing demonstrations and scheduling presentations will take several weeks at a minimum. Once you select your new system, you'll need to allow time for training and data conversion. By establishing a calendar of how you would like these events to transpire, you can provide vendors with important information that will help them assess the feasibility of your expectations.

Your organization's ability to get up and running on a new system will depend on several things, including the complexity of your ideal system, the number of people who require training on the software and the condition and amount of data you choose to bring into the new database. Giving your organization ample time to conduct a search will increase the number of options for your nonprofit — particularly if you strive to be using a new system by a specific deadline, such as the start of a fiscal year.

Fund Your Purchase

Defining a budget range is a critical step in your software search. It is recommended that you conduct initial research to get a realistic idea of price ranges. By gaining insight from other nonprofits with similar structures or annual budgets, you'll be well informed when you meet with your Board. The sooner you initiate this process, the better prepared you'll be to devote your research time to the systems that are truly within reach for your organization.

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In addition to the price of the software, your budget should also include the following expenses:

Hardware — To take advantage of the latest technology, you may need to dedicate a portion of your budget to new computers, printers and servers. Make a list of obvious needs, and add to this list using the hardware requirements for each vendor's system.

Conversion — If your organization plans to export data from your old system to your new database, make sure you allow for conversion costs. The charges can vary greatly and will depend on the format and amount of your data. You may be able to run the conversion in your own office using a utility designed to import the data to the appropriate fi elds, or you may need to enlist the help of specialists to make sure your data effectively transfers from the old system to the new.

Training — By investing in thorough training for your staff, you can optimize your use of the new software and easily recoup the cost of training through higher productivity. Consider how and where you would prefer to attend training. If you can afford to leave the office for a few days, intensive hands-on classes can be the most helpful. Plus, you'll receive the added benefit of interacting with other organizations that are going through the same process.

If you need to have a trainer come to your office, check his credentials. Is the trainer an employee of the company or an independent representative? Does the trainer have general knowledge of multiple systems, or is she an expert on the system in which you are investing? Because the level of expertise among independent trainers can vary, be sure to speak with representatives of other organizations that have used the services you are considering.

Maintenance and Support — Find out about maintenance programs and support associated with each software package you review. For mid-range systems, annual maintenance costs can range from 15-30% of the list price of the software. This is a substantial amount, yet the benefits you receive can vary greatly. Ask what type of support is offered (telephone, e-mail, Web, fax, FAQs).

Is help line availability in sync with your organization's workday? How many of the vendor's employees are trained and dedicated to develop and support the system you're considering? Are upgrades to the software included with a maintenance contract, or are they an additional expense?

As you compare costs of the range of products available, you will realize that thorough research is critical for choosing an appropriate system and getting the most from your investment. For tips on selling software to your Board of Directors and writing a winning grant proposal to fund this substantial purchase, see Appendices A and B.

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Conduct a Search For The Right Software

Establish a Search Committee

Analyzing your office's needs is the fi rst step to selecting the system that will best serve your organization. To ensure that everyone's needs will be met by the new system, it is critical to involve other people in the process. Establish a search committee made up of key personnel who will be affected by the implementation of a new system, and solicit their input on important features that can enhance productivity.

Because accessing your data is critical, make sure you take into account the needs of everyone who will track and use the information, including board members, donors, auditors and the government. It is imperative that key people take some responsibility for the selection and implementation of a new software solution.

Keep in mind that while it is helpful to get insight from many people during the search process, only key decision makers should be responsible for making the final selection.

Determine if You Need a Consultant

You may consider hiring a consultant to help you identify the ideal system for your organization. If your nonprofit has a small staff or little technical expertise, a consultant may be just what you need to ensure a thorough and successful search. Consulting services can be beneficial for organizations that prefer ongoing assistance from a local expert, but make sure the consultant you choose has the experience to understand your organization's needs. For example, if you want objective advice, choose a consultant who has no formal affiliation with vendors. Assess the consultant's knowledge by speaking with some prior clients and fi nding out which system they chose. Not only can a consultant provide advice during a software search, but he can often assist with implementation of your new system. It's possible that you're already working with a fundraising expert or an accountant who can serve in this capacity — just remember to include these fees in your budget.

If you can't afford a consultant for both the research and implementation phases, consider hiring one for part of the process. Is it more important to have an impartial consultant head up your software search, or would your money be better spent on hiring an expert to assist with the implementation of your new system?

Check Various Sources for Ideas

Once you've formed a group to steer the selection process, you can check various sources to gather ideas on potential software systems. Obviously healthcare philanthropies differ from member-based nonprofits such as museums and zoos, and alumni associations will have different needs from social service agencies. Ask similar organizations in your area about their experiences. In addition to finding out about their current software, you will often gain valuable insight on other systems that did not live up to expectations.

Attend conferences or trade shows for your specific type of nonprofi t organization, and meet with representatives from different software vendors. Many vendors will provide a listing of conferences on

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their Web sites. Find out about the types of clients they serve, how long they've been in business and the number of installed clients they have on the most current versions of their software.

Read trade publications such as The Chronicle of Philanthropy, NonProfi t Times, Advancing Philanthropy, The Nonprofit Quarterly, Front and Centre, CPA Software News, Accounting Today and Independent School. Software vendors advertise in these newspapers and magazines, and many companies offer free demonstrations to help you learn more.

Visit Web sites for publications such as those listed above, as well as other Web-only resources such as NPXpress.com, PNNonline.org, CharityVillage.com, or Fundraising.co.uk. In addition, visit association Web sites specific to your type of nonprofit. Participating in user forums and listservs can help you learn which software is preferred by similar organizations. Keep in mind that listings on such forums are unqualified, and readers should take into account that the postings may need further and more detailed analysis. Regardless of how persuasively a posting is written, you have no way of knowing the author's level of understanding and objectivity regarding the software.

Someone who posts negative comments about software could be simply having a bad day or may not understand it due to a lack of training.

Collect and Review Marketing Materials

When you speak with different vendors and visit their Web sites, request demonstrations of their software. These may come in several forms. Many companies have designed disk-based demonstrations that walk prospects through different features of the software — an ideal method for presenting system capabilities. Other vendors tout the fact that they send a working copy of the actual software. This sounds like a good approach, but sophisticated systems are best understood and used by people who are properly trained. Navigating real software without an introduction to a vendor's product may leave you fumbling through procedures without gaining a deeper understanding of the product's capabilities.

Review these demos using the guidelines you established during the needs analysis. At this stage, you should evaluate a range of systems from least expensive to the most full-featured. Because you often get what you pay for, demonstrations can quickly shed light on what distinguishes more expensive solutions from lower-priced options. Note the depth of information within screen shots and the number of clicks it takes to perform common tasks. You may learn that a higher-end system can automate some of your staff's most time-consuming processes, thus making it a better value.

Schedule Software Presentations

Narrow the field of vendors by reviewing literature and demonstrations in your offi ce. As you learn more about the available options, you will likely be in contact with vendors to ask additional questions about features, data conversion, hardware requirements, etc. The goal of this phase is to create a final list of products best suited to meet your organization's needs.

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Once you have narrowed your search to a handful of products and you anticipate purchasing software within 90 days, arrange a presentation with each vendor. If you know you cannot purchase a new system within three months, then postpone this last step until you are ready to purchase. Software, hardware requirements and pricing can change. To make the most accurate product comparisons, schedule the final presentations as close to decision time as possible.

When you set up the meetings, make sure all the decision makers and some end users can attend each presentation. The ideal group of attendees will likely be the search committee you established, but you may wish to include others as well.

Depending on the complexity of the products you are reviewing, each presentation may last up to several hours. With this in mind, it is recommended you schedule presentations on separate days to avoid information overload. This will also ensure your staff and the vendor have ample time to share the company's background, recommend appropriate training and conversion services, thoroughly demonstrate the product and answer any final questions.

Although it is ideal to have only one sales presentation per day, you should try to schedule all meetings within a small window of time — a week or two — to make sure the information is fresh in your staff's minds. This will enhance your team's ability to compare the different products and ask insightful questions. You may also find it helpful to recap each demonstration after the vendor leaves. By taking the time to summarize the pros and cons of each product, you can discuss the value of certain features with everyone on your committee and develop a more solid basis for comparing systems.

Ask the sales representative about the structure of the presentation. Does he have a set list of topics with time for open discussion? A presentation agenda is critical for making the most of everyone's time. You may need to request that things are covered in a certain order — the salesperson should be flexible. The key is to work together to establish an agenda before the meeting.

If your organization has narrowed the field to two or three potential vendors, you may consider visiting the vendors' headquarters. Although you would incur travel expenses, this approach can provide several benefits to help you reach a final decision. Visiting the vendor's operation gives you the opportunity to meet with technical staff, learn firsthand about the corporate culture and evaluate the customer support infrastructure. In addition to attending a product demonstration led by a sales representative, you may be able to use the software in a testing lab. Seeing a company at work enables you to better assess its resources, longevity and employee work ethic.

By following these guidelines, you will maximize the use of everyone's time and gain the knowledge to make an informed decision.

Evaluate Maintenance Programs, Consulting Options and Customer Support

Because maintenance, consulting and support and are signifi cant expenses, it is critical to get detailed information about each vendor's offerings. When weighing maintenance costs, find out whether product

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Consider other perks such as searchable knowledge bases (that are accessible anytime from anywhere) and discounted training classes. To make fair product comparisons, it is critical to learn exactly what your money is going toward.

upgrades are included in your annual fees. If you must pay extra to stay current with your software, research how often new versions are released and request cost information for vendors' upgrades during the past several years. Also, ask whether the vendor's Web site provides multiple options for research and interaction with support staff and other clients.

When choosing a consultant, keep in mind that your investment will have the highest return if you consultant understands fundraising issues as well as software.

Does the vendor develop its own software? If so, its support staff is likely to have more in-depth knowledge about the product than an independent service provider. What percentage of the vendor's staff works in the customer support department? Ask questions about average hold time and the percentage of calls answered by a person or directed to a voice mailbox. Be wary of companies that are unwilling to provide these critical details.

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Assess Custom Solutions

Because so many options are now available to meet the unique needs of nonprofit organizations, fewer organizations are relying on custom solutions. Many schools, social service agencies, healthrelated organizations and performing arts groups that once invested lots of money on customdesigned software are now using flexible solutions created specifically for nonprofit organizations.

The benfits of a custom solution often do not outweigh the costs for training, implementation, and continued maintenance. Timing is another important factor — it can take years to develop and implement a custom system. Also, when the staff member or consultant who designed the system moves on, organizations may be stranded with a product that can no longer be adapted to meet their needs.

Even if you are leaning toward a custom solution, complete a thorough needs assessment and review the software that is already in use at organizations similar to yours. Many vendors have between 10 and 20 years experience developing and refining their own products with insight from their customers. You may realize that choosing a time-tested system is much more cost-effective than attempting to reinvent the wheel.

Purchase a Solution and Prepare for Implementation

After conducting a thorough search, you can make an informed decision to purchase the system that's best for your organization. Even though signing a contract represents the end of your search, it's also the first step toward reaping the benefits of your new software.

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Prepare for Data Conversion

After purchasing your new software, you should prepare to convert your data for transfer to your new system. Consult with your vendor to determine the complexity and timing of your conversion. This will

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depend upon the source system, your new system, the amount of data and your ability to supply the data analyst with the information he needs. Start cleaning up your data as soon as possible — your vendor can provide guidelines about the types of inconsistencies you should work to resolve.

If you have limited time or technical staff, consider enlisting the help of a consultant who has the skills to understand your data and serve as the liaison to the person managing the conversion. By hiring a consultant with a solid understanding of your new system, you'll be able to focus on your work while keeping the implementation process moving.

You will need to assign your current data to specific fields in the new system. Because this process, known as mapping, requires a certain level of familiarity with your new software, staff members involved with the conversion should attend training before or during the early part of the data analysis. Understanding how your system works will contribute to a smooth conversion process.

Depending on the type of training you choose (off-site, on-site, regional, computer-based), you may not be able to train right away, so factor this into your implementation timeline.

Install Software

Once you receive your new software, go ahead and install it so you can become familiar with it before you attend training. Many vendors provide the option of using sample data until you are ready to go live. This is a great way to get a feel for how data is handled when you view records, add data and run reports.

Attend Training

By taking the time to review the software before training and conversion, you will get more from your first training sessions. Cleaning up your data and practicing some basic tasks beforehand will give you the opportunity to ask good questions and gain a better understanding of how your data should transfer into your new system. Training will also motivate you to implement your new system and begin to realize its benefits.

Convert Data to New System

Once you've performed data cleanup, completed training and gained some experience on the new system, you'll be ready to convert your data. Send your data in the appropriate format, and confirm the point when you must cease new data entry. Keep an open line of communication with the person handling your conversion to ensure timely transmission of data and documentation. Be available to review test runs, and take the time to analyze mapping documents thoroughly to ensure the integrity of your data in the new system.

Be aware that a certain amount of manual data cleanup is necessary following any data conversion. Setting aside time to review and edit records will enable you to establish realistic goals for becoming fully operational on your new software.

By seeking out and investing in the latest technology, you and your staff will be equipped with tools to exceed your goals and fulfill your organization's mission for years to come.

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Address Ongoing Training Needs

To get the most from your investment, make sure that every staff member is properly trained. Review each person's role within your department, and try to eliminate redundancies among tasks related to your new system. Establish and document procedures to ensure consistency of data entry from the beginning. Finally, invest in proper training by the vendor or a certified representative. Consider your staff's responsibilities and experience, and consult with the vendor to determine the type of training that will best meet your needs. Make note of any advanced classes or additional resources that will benefit your staff, and budget for additional training in the future.

Reap the Reward

Once your new system is fully operational, you can enjoy the enhanced capabilities of software that works the way you do. By seeking out and investing in the latest technology, you and your staff will be equipped with tools to exceed your goals and fulfill your organization's mission for years to come.

Appendix A: Selling Software to Your Board of Directors

Convincing your organization's board that technology is a critical need can be tricky. To win approval for a significant investment, you will have to educate your board members about how a software system can enhance your staff's ability to foster the organization's mission. Focus on the benefits of how the technology will enable you and your staff to extend the reach of your nonprofit or free up staff to focus on more strategic projects.

As soon as you begin to consider new alternatives for your office, meet with your board members and ask their permission to conduct research for a new system. Present some high-level goals for what a sophisticated software package might enable your organization to achieve. Do not emphasize the technology itself or a specific system you may have heard about. Instead, keep the conversation in general terms and stress that a thorough search is necessary to learn more.

Getting buy-in at this stage shows your board that you are focused on improving efficiency and productivity to achieve your organization's mission. It demonstrates your willingness to do your homework before recommending significant outlays of cash.

The fact that some of your board members may have a high profile in the business community can be helpful because these people are likely to have a greater understanding about the role technology plays in achieving goals. On the other hand, business professionals may recommend resources and database solutions geared for the corporate environment. Be ready to support your case for a specialized system by sharing your experiences and those of other nonprofi ts.

Some board members may not be able to distinguish the value of a software system from basic office equipment and supplies like phones, index cards or filing cabinets. It will be up to you to point out the vast differences between using a basic database or spreadsheet package versus implementing a system designed

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specifically for donor management, fund accounting or independent school administration. Be prepared to share specific benefits that can help your staff better achieve its mission and serve the community.

Appendix B: Writing a Winning Grant Proposal

Raising funds specifically for technology expenses is more challenging than generating capital for the core of your mission, but a creative approach can prove successful.

Focus your grant proposal on meeting a legitimate community need. That may seem obvious, but it is critical to craft your proposal so the grantmakers see beyond your need for technology and instead focus on your organization's ability to achieve its mission. It may be easy for you to view new software as the means for speeding data entry and automating many daily tasks, but these benefits are only important to grantmakers in terms of how they equip your staff to provide better services to the community.

Shift your perspective from "we need a database for mailings" to "we need tools to help us track contacts with donors and prospects." As a development specialist, you can demonstrate how a system designed to meet your organization's needs can help you develop lasting relationships with people who are willing to support your organization's mission with regular contributions. You may very well need a place to store contact information, gift details and special event facts, but focus on how technology will enhance your ability to cultivate donors and foster your mission.

Include supporting statistics to prove your organization is consciously seeking ways to lower operating expenses. By demonstrating how software can help your organization realize efficiencies, you can show how a larger portion of each dollar raised can go directly to your organization's mission.

If you are thinking about hiring a consultant to guide you through the software selection process, consider dividing your grant proposal into two parts. In the first section, describe how a portion of the grant will allow you to hire a skilled, impartial consultant to guide your organization's software search. Explain how an expert in the field can help you reach a more informed decision in less time.

Dedicate the second part of your proposal to the benefits that can be realized from choosing a valuable system. Mention all associated costs such as hardware, data conversion, training and customer support. By briefly explaining the merit of each piece, you will demonstrate your dedication to a thorough search. Focus on the benefits of each expenditure. For example, position training as "staff development," touching on the idea that investing in your organization's employees is one way to offer them a perk.

Demonstrate creativity in all aspects of your grant proposal. One example would be to initiate a fundraising match where you challenge your board of directors to raise half of the required funds. This will further demonstrate your commitment to the project and show the foundation that you are dedicated to implementing a system that will make your nonprofi t more productive.

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In addition to focusing on the community benefit and exercising creativity, play it straight when it comes to numbers. When possible, use specific costs in your proposal — round numbers may convey you haven't done your homework. Even if you know a foundation makes several $30,000 grants each year, resist the temptation to ask for that amount. Grant makers respect organizations that are thorough and specific. By valuing the money as though it were your own and justifying the investment, it may likely be granted to you to foster your organization's mission.

About Blackbaud

Serving the nonprofit and education sectors for 30 years, Blackbaud (NASDAQ: BLKB) combines technology and expertise to help organizations achieve their missions. Blackbaud works with more than 28,000 customers in over 60 countries that support higher education, healthcare, human services, arts and culture, faith, the environment, independent K-12 education, animal welfare and other charitable causes. The company offers a full spectrum of cloud-based and on-premise software solutions and related services for organizations of all sizes including: fundraising, eMarketing, advocacy, constituent relationship management (CRM), financial management, payment services, analytics and vertical-specific solutions. Using Blackbaud technology, these organizations raise more than $100 billion each year. Recognized as a top company by Forbes, InformationWeek, and Software Magazine and honored by Best Places to Work, Blackbaud is headquartered in Charleston, South Carolina and has operations in the United States, Australia, Canada, the Netherlands and the United Kingdom. For more information, visit www.blackbaud.com.

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