Keeping them in the loop

Customer relationship management, or CRM, is a fashionable buzz-phrase to describe a relatively old concept, but does it have any meaning for charities? Yes it does, finds Christopher Andrews, though it may be a question of changing the terminology

If you invite a private sector company director to a conference about, say, legacy funding, the chances are pretty good that they aren't going to turn up. Likewise, you can't really blame third sector managers for tuning out upon hearing the term CRM (customer relationship management), as not having customers per se would appear to make the concept somewhat useless.

This could explain why a recent conference put on by the Institute of Fundraising (IoF) IT Interest Group entitled – *CRM, What is it and What is its Relevance to the Voluntary Sector*, received the same response from charities as one might expect for a conference about bits of string I've collected. The conference ended up being cancelled as mainly providers and consultants signed up for it but not enough actual charities displayed interest.

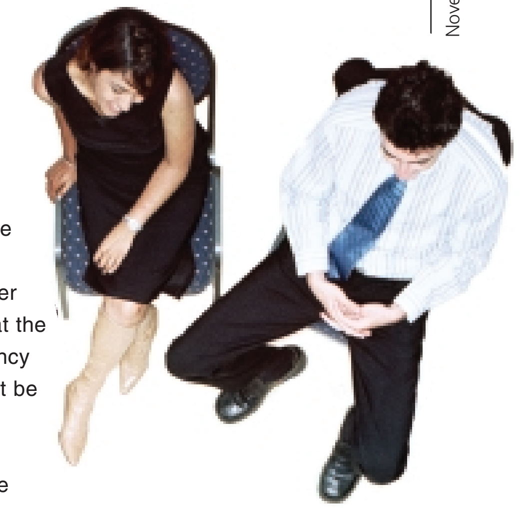
Peter Flory, chairman of the IoF IT Special Interest Group, says that the conference was put together in light of some high profile charities implementing commercial CRM systems tailored to their particular needs – but why the lack of interest? "I think the reason is clear. There are a huge number of database packages available for charities and most of them are pretty damn good. And as one 'fundraising' database supplier said to me: 'CRM – isn't that what we've been doing for the last 15 years?' So there you have it in a nutshell, no matter what you read in some press, most charities are happy with the facilities provided by the currently available so-called 'fundraising' databases."

And it could also very well have been a question of semantics, as Stuart Shepherd, managing director of APT solutions, points out: "I think the word CRM might throw people off the scent, but if it were to be rephrased as the management of volunteers and donors they may react differently."

That being said, and if we assume charities are interested in effectively managing relationships with their donors and volunteers, CRM as it exists in current fundraising database functionality, and the new commercial systems being developed, basically comes down to a couple of factors.

First is an intangible element which comes down to organisational mindset. It is the realisation by a professional organisation that it wants to understand and interact with its supporters in the most effective and efficient way possible. Once this has been established, and this is arguably far more important than flashy software, then comes the physical IT system through which that desire can be realised.

As charities grow in size, and as such in complexity of supporter information, it is only through the combination of both IT and the human element that truly effective CRM can come into being. Again, it is that human element which is really the important bit of the equation, and as Robin Fisk, managing director of Fisk Brett, points out, the benefits that can be gained through the use of good fundraising database software are not always exploited. "This is because buying a CRM solution and then making good use of it are two separate issues. Buying is relatively straightforward, but running it well is not so easy, and often takes more investment than the customer realises." This, he says, does not necessarily equate to financial investment, and it is essential to have a dedicated person to 'champion' the database.



And that leads to the actual physical system. Far from just being an Excel spreadsheet, CRM systems offer various levels of functionality and performance designed to meet the specific needs of charities. Fisk continues: "A good, well run system should be much more than a glorified card index. Charities should expect it to deliver significant efficiency benefits; accurate and timely management of information and an enhanced level of customer service."

And as we are dealing with donors, CRM systems designed for charities should also contain functionality for legacy and trust management and gift aid processing, plus the ability to link relationships between contacts and to look across the contact base in order to understand profiles in a more generic sense – in other words, finding out about the kind of people who are supporting you so that you can attract more of them.

Beyond that, of course, is the primary function of CRM which is maximising the quality of contact with supporters. Shepherd points out that when the system is being used effectively, it allows you to very quickly find a person who has made contact, presenting all of the information which is available about them on screen. "It may be they're calling about a particular campaign and the system can have a description with certain questions to make sure you give the appropriate answers. It may also be something like if the person is a member of the press, they should be passed on to a different department."

"And it is the notion of having a single source of information on supporters of the organisation, and that's particularly critical with respect to online engagement of supporters," adds Charlie Cumbaa, vice president of products and services at Blackbaud.

Cumbaa points out that a current problem with CRM is where charities may have management elements in place, but they adopt a kind of online and offline system to deal with each form of contact. The traditional fundraising information is then treated differently from that gained online. "And the reality is that there are a lot of people in the organisation who are interacting through both online and offline means, and if you don't have the ability to manage that information in one place, you risk failing to understand what that person means to the organisation and I think you risk some potentially embarrassing situations."

By embarrassing, Cumbaa gives the example of calling an existing donor and asking them to increase their donation to £50, when they had donated £200 pounds the previous week online. "Because of the lack of integration or sharing of that information you just don't know that."

Mike Basketter, senior product manager at Associa, agrees that integration of these disparate sources of information is one of the keys to establishing an effective CRM system: "A lot of the time the website will be managed by a third party, so information is captured but held in a database at the third party. They've got their membership database in house and then maybe their call centre is holding additional information – and none of those three are talking to each other."

Basketter continues: "You can't expect to just capture data and have it all happen for you automatically. It's creating a one-on-one relationship with the donor, or at least creating the perception of one."

Smaller charities:

This isn't just an issue for big charities, of course, though smaller charities may feel that the cost of installing a fancy CRM system wouldn't be justifiable. Shepherd says: "What we are finding now is that the smaller charities, which I'll define as having less than 10,000 contact records, know they need systems like this and sometimes it's very difficult to afford them. They may, therefore, be using a homemade system of some sort or an Excel spreadsheet which doesn't deliver the level of sophistication that modern charities need to have available to them." (Shepherd says APT is now working on ways of promoting quality software for smaller charities that is affordable).

Fowler adds: "Some charities are buying systems from somebody they know around the corner, but for a relatively small amount more, they can get updates every year and buy into an organisation with a lot of experience. I think it's a big mistake for a small charity to feel they need to use a small supplier."

What system is right for you then? That depends on the level of functionality you desire and the amount you are willing to spend. A spreadsheet may be fine at first, but will quickly be outgrown as the complexity of donor and volunteer information expands. And as web presence and web-based services are becoming ubiquitous, for larger and smaller charities alike, having the functionality to link disparate sources of information is key to effectively dealing with existing supporters, and just as importantly, attracting new ones.

Case study: additional functionality

United Christian Broadcasters (UCB) implemented CS Group's CHARISMA Charity CRM system in 2004. UCB found the subsequent improvements in contact management, financial processing and management reporting gave immediate returns.

Management and campaign reporting improved, in terms of quality of data and information available, and the speed of execution.

'Softer' measurements of ROI were supplemented by measurable gains when it came to financial processing. Instead of taking 22 days each month to process standing orders, UCB was able to reduce this to two days. On this one process alone, UCB was able to recoup 50 per cent of the system costs in the first year of operation.

With the old system, Gift Aid processing used to take seven days per quarter – this was reduced to less than half a day. These improvements in Gift Aid processing allowed UCB to process Gift Aid funds more regularly. They now reclaim on a monthly basis – giving them improved cash flow in addition to the time savings.