

Donors ... Todd Cohen

## Understanding CRM

### Yes, customer relationship marketing

The Good News Jail and Prison Ministry in Richmond, Va., wanted to target donors more effectively. The Planned Parenthood Federation of America in New York City wanted to attract more donors, members and activists.

Both groups turned to "customer-relationship-management" software, known as CRM, that collects data on past, current and prospective customers, tracks their activity and aims to help build relationships with them.

"CRM is very important because it gives an organization a complete holistic picture of who its customers are and helps them figure out how to retain its existing customers and grow its customer base as an integrated solution," said Brian Murrow, principal consultant in Arlington, Va., for emarkets for New York City-headquartered PricewaterhouseCoopers (PWC).

With big online charity sites like CharitableWay and GreaterGood having failed or been sold, according to a new study on Internet-based social enterprise, e-philanthropy firms are poised to compete to provide CRM tools.

Helping to fuel that competition and reduce the appeal of commercial online

charity sites was the launch this year of networkforgood.org. It's the revamped e-philanthropy site formerly known as helping.org that handles online donations for nonprofits, and picks up the transaction costs, said Jason Scott, who conducted the study for the Flatiron Foundation and The Atlantic Philanthropies, both in New York.

"CRM is a huge opportunity," he said. "Instead of actually being the transaction engine, most of the survivors of the dot-com wreckage that were doing e-philanthropy should be doing CRM tools."

Nonprofit CRM systems typically include separate "modules" to handle email, direct mail, special events and call centers, and nonprofits can use some or all of them.

Consider the Richmond-based Prison Ministry, which in 1991 began using fundraising software from Blackbaud in Charleston, S.C., to keep records on individual, business and church donors. The ministry, which assigns and employs 180 chaplains at corrections institutions in 23 states, wanted to do a better job with major donors, first-time donors, direct mail appeals and electronic fundraising and communication. That would have required adding

up to eight staffers to mine the database and handle communications, said Phil Van Gorp, vice president for operations.

Instead, the group upgraded its software 18 months ago to work as a CRM system – and now is launching a series of integrated fundraising and relationship-building campaigns.

"It has allowed us to become much more personal in the way in which we interact with our donor support base," said Van Gorp.

Using the system, the ministry can quickly and automatically manage and respond by mail or email to as many as 30 email messages it receives daily while limiting direct mail postage costs, now about \$40,000 a year.

CRM also has boosted Planned Parenthood, which wanted to increase membership and donations by expanding its Web content for donors. It also wanted to integrate the site with its donor database so donors could go online to track their giving or change their contact information. The organization leased a Web-based CRM system from Convio, a firm in Austin, Texas, that targets nonprofits.

Planned Parenthood raised \$1 million in the first 14 months it used the system, through the end of

2001, compared to roughly \$70,000 it raised online the year before it started using the CRM system, said Molly Smith Watson, Planned Parenthood's director of development for direct response.

Online donations are averaging \$100, compared to \$45 for donations made by regular mail. And, the organization has amassed more than 50,000 email addresses, compared to 6,000 it collected in the five years before it switched to the CRM system.

A poll commissioned by Planned Parenthood found that Internet donors are younger and more willing to take action than are donors the group acquired using direct mail solicitations.

Planned Parenthood also has scrapped its printed newsletter, saving \$125,000, and can undertake projects that had been too costly, such as distributing purely informational messages without piggybacking them on fundraising appeals.

Despite its potential benefits, CRM systems themselves can be costly, experts said, because of the need for hardware, software, upgrades, mailing lists and staff training. Vendors say they tailor their services and costs to the needs and size of their clients.

Convio, for example,  
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offers Web-based CRM modules for fundraising, publishing personalized content, emarketing and online advocacy - and integrates them with each other and with other vendors' products through a "constituent center" that produces constituent profiles, tracks constituent activity and, for each module, segments groups to be targeted.

Monthly fees, based on a customer's size, range from \$500 to \$3,000 for individual modules, and \$1,500 to \$6,000 for bundles of modules such as fundraising, emarketing and content-management.

An integrated CRM system can help nonprofits be more efficient and effective in the current sluggish economy and meet growing donor demands for accountability, said Brian Montgomery, director of strategy for Blackbaud, which markets a dozen CRM modules, typically housed on customers' servers, that can be bundled with its two

main fundraising and accounting products.

The Raiser's Edge, Blackbaud's fundraising product, helps manage campaigns and appeals, results reporting and contacts with constituents, and has modules for such tasks as handling online donations, events, membership and volunteers. A single database maintains that data - and integrates it with The Financial Edge, its accounting product.

Costs for The Raiser's Edge begin at \$5,000, based on the customer's size, plus a 20 percent annual maintenance fee, with additional modules costing about \$2,000 each, said Montgomery.

Other CRM products are available in a broad range of flavors. Seattle-based Social Ecology, for example, markets its products to consultants, tech-assistance groups and other "intermediaries" that can customize the software for nonprofits, said Michael Gilbert, its founder and CEO.

The firm charges less than

\$500 a month to the typical customer for its Web-based modules, which handle fundraising, event-management, email newsletters, volunteer-coordination, media relationships and online surveys.

NPower, a Seattle-based nonprofit that provides tech help to nonprofits, is piloting in Seattle and the Detroit area free Web-based, back-office nonprofit tools, including donor-management software donated by Indianapolis-based eTapestry.

And TechRocks, a San Francisco-based tech-assistance nonprofit, is preparing to launch Version 2.0 of ebase, its free "community-relationship-management" software, said Marshall Mayer, the group's CEO.

A big challenge for nonprofits is to integrate data on separate constituent groups, such as donors, members, volunteers, event participants and activists, that may be collected and stored separately, often using software from different vendors.

One solution may be a

software standard to help nonprofits exchange data from different systems, said Mayer, a board member of NTEN, a San Francisco-based nonprofit that hopes to help spur development of the standard, known as OPX.

Beyond simply integrating donor data and communications, said Jason Saul, CEO of B2PCommerce, a Chicago-based tech firm developing back-office tools for nonprofits, groups must figure out how to deliver higher-quality data to donors.

"CRM cannot be just a gimmick to keep your name in front of the donor," he said. "If you are a nonprofit, you need to get better information from the people you're serving so you can give better information to the people who are funding you."

*Todd Cohen is editor and publisher of Philanthropy Journal, an online newspaper at [www.Philanthropyjournal.com](http://www.Philanthropyjournal.com). He can be reached at [tcobhen@ajf.org](mailto:tcobhen@ajf.org)*



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