



Interactive Technology

Article Three

Interactive Technology is a Critical Success Factor for Non-Profits

“Technology provides unique ways to communicate with donors without sacrificing relationships. In fact, the right technology can enhance relationships by expanding the quantity and quality of contacts.”

~ Philip Purcell

Vice-President of Planned Giving and Endowment Stewardship, Ball State University Foundation

Return on Investment (ROI) has long stood as the cornerstone metric for success in the non-profit – as well as for-profit – arena, and the basic calculation for foundations has never wavered: ROI equals funds raised as a percentage of expenses.

But this formula tells only part of the story as a measure of performance, and it falls woefully short when ascertaining the health of an organization. Often the calculation fails to account for mitigating circumstances and rarely does it include the value of relational equity. This can be a critical misstep for a foundation.

In response, many non-profit organizations have borrowed Lifetime Value (LTV) from their for-profit counterparts as a more effective assessment tool. Many believe LTV

is a better indicator of long-term strategy. Others claim that it is too donor-centric and places too much emphasis on long-term relationships which are sometimes difficult to manage.

While the merits of donor-centric vs. mission-focused models are often debated, one common goal reigns – that beneficiaries actually benefit. As a result, most foundations have found ways to marry the donor-centric and mission-focused models in an effort to better serve their constituencies.



Unfortunately, this combination often results in a human resource intensive paradigm predicated on numerous face-to-face meetings, which are becoming increasingly problematic and expensive. Some organizations, however, find technology to be a significant component of a successful strategy that increases both LTV and ROI.

Increasingly, high tech is being equated with high touch. **Philip Purcell, Vice-President of Planned Giving and Endowment Stewardship, Ball State University Foundation**, says, “Technology provides unique ways to communicate with donors without sacrificing relationships. In fact, the

right technology can enhance relationships by expanding the quantity and quality of contacts.”

William H. Hewitt, Chief Marketing Officer, Crown Philanthropic Solutions, adds, “The ability for a foundation to support a donor’s desires to communicate and collaborate with his family, advisors and grantees represents a significant improvement in quality for most programs. That coupled with a grantee’s ability to acknowledge a donor’s gifts immediately and online, means the overall donor experience at a foundation is dramatically enhanced.”

Personalized, web-based philanthropy tools can meet the needs of busy donors in ways that can’t be accomplished through face-to-face meetings.

Purcell and those in his organization are finding that, “donors and their advisors, like lawyers and accountants, are looking for information that is accessible and searchable. They are not looking for something to add to their calendar.”

Even *with* face-to-face meetings, foundations find technology important for communicating. **Sue Roth, CIO, Jewish Community Federation of Cleveland** explains, “We have an annual campaign that focuses on face-to-face solicitations.

Crown Philanthropic Solutions is a pioneer in interactive technology for non-profits. Their flagship product, DonorFirst™, is a web-based dashboard that combines account management, charity research and due diligence, social networking, grantee communication and more. www.donorfirst.org

We need to be able to provide resources to our solicitors in an Internet accessible format that can make their jobs easier. That kind of technology is simply a more efficient way of getting relevant, timely information to them.”

Investing in technology is no longer a future budgetary consideration for foundations. Rather, it has become a gating success factor. Without it, relationships and information are becoming increasingly difficult to manage.

Hewitt says, “The ability of an organization to make a donor feel more connected is crucial to increasing donor retention and to the increased development of new donors – especially those younger donors so critical to a foundation’s longevity.”



Non-profits are beginning to understand this and are building a sense of community through social networking. *The 2009 Nonprofit Social Network Survey Report* indicates that 86.2% of those surveyed maintain a presence on a Commercial Social Network (like Facebook and Twitter) and 30.6% host their own House Social Networks. The primary purpose for these non-profits’ establishing such communities is marketing. Some non-profits are also generating fundraising revenue from their communities (37.8% of those on Commercial Social Networks and 16.5% of those with House Social Networks).

Source Credits: *The 2009 Nonprofit Social Network Survey Report*, www.nonprofitsocialnetworksurvey.com, April 2009.

This kind of interactive technology does not replace personal interaction. Instead it enhances and supplements it.

Purcell emphasizes that, “the most effective technology efforts are those that embrace interactivity, such as websites with accessible information. And email-based dissemination of information reduces costs and reaches many who appreciate the efficiency and cost effectiveness of email over other forms of delivery.” He has also seen technology rouse enthusiasm, and he contends, “Video stories can be profoundly effective when used to inspire individuals with motivational information about how dollars are helpful in the accomplishment of a mission.”

Hedy Milgrom, Assistant Vice President, Director Endowments and Foundations of the Jewish Community Federation of Cleveland, also believes that technology can help communicate more effectively. She says, “In order to communicate well, we need to think about reaching out to young philanthropists in a much different way than we have in the past. As they adopt technology so must we. At the same time we must be mindful of traditional communication and make sure that these two forms interact seamlessly. One is not mutually exclusive of the other.”

Hewitt, speaking about integration adds, “Any technology decision today carries with it an evaluation of both the short- and long-term financial implications coupled with a review of the potential benefits to the organization. Technology should provide significant impact with regard to enhanced intra-family communication, the ability for

grantees to provide direct and immediate online acknowledgement and appreciation of gifts to donors, and the capability for donors, advisors, grantees and foundation staff to collaborate and communicate within the donor dashboard environment. These levels of interactivity foster improved economic efficiencies beyond the scope of legacy technology.”



So regardless of the model that a non-profit chooses, or the specific metric utilized to measure progress, interactive technology is critical in achieving success. No longer an extravagance, the need for upgrading and integrating interactivity has instead become imperative. The non-profit choosing to ignore the winds of change will most certainly be left behind.

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