Why Organizations Thrive – Lesson 8: Invest in information management systems
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I'm in the process of writing a long article entitled: *Why Organizations Thrive*. The article details fifteen lessons I learned while growing the Oregon League of Conservation Voters (OLCV),[1] buttressed by my observations of dozens of other groups both in Oregon and across the country.

Collectively, I believe these lessons are a very useful set of principles that Executive Directors can use to improve their organization's capacity to fulfill its mission.

Lesson 8 is: Invest in information management systems.

I know, you're thinking: not fun!

Some of you may be imagining cleaning a messy toilet as a more enjoyable task.

But having good information systems that are functioning well is more akin to soaring like an eagle on a friendly wind, while eyeing the landscape below for prey.

When I refer to information systems, historically I would have referred to fiscal management systems (information about money) and fundraising databases (information about your donors and their interactions with your organization). Today, I'd add a third system: information about online interactions you have with supporters and potential supporters.

Let's start with fiscal management systems. Fiscal management is about the flow of information – in this case, information about money. Information about how you expect money to flow represents your budget. Information about how money actually flowed represents your accounting.

Here are some common mistakes that happen with organizations don't invest in top notch fiscal management systems.

- The organization fails to account using categories that match up with its strategies and programs. The result is that planning takes place without knowing how much strategies and programs truly cost. Meanwhile, the organization's board gets side tracked into ridiculous conversations, such as whether they are spending too much money on printing.

[1] I served as OLCV's Executive Director from 1997-2009. During that time, we grew from a permanent staff of 1.5 to 11, and a budget of around $200,000 to more than $1 million.

- The budgeting and accounting systems don't actually line up, rendering it difficult to meaningfully evaluate how the organization is doing compared to the budget.

- The system for creating the budget is too simplistic because the system for developing the budget isn't thought out and doesn't take advantage of technology. This has the perverse result of taking more time in the long run to yield less reliable information.

In an organization's first couple of years, you can get away with these mistakes. At this stage in an organization, fiscal management often is a painful chore and afterthought – the organization wants to create minimal information to know if they have cash on hand and to produce tax returns.

Before too long, however, it becomes essential to transition to a robust system. In my experience, the sooner organizations transition to the next level of accounting sophistication the more likely they are to get on a higher growth curve.

For those who find fiscal management akin to a dental exam, databases are the root canal.

A colleague once likened the debate over which fundraising database to use as a choice among religions. In his experience, two very smart, competent people will often choose different systems. And in both cases, they think the other one is an idiot for their choice.

He may well be right that people develop religious-type feelings about databases. But, atheism with regard to databases isn't a valid response to that conundrum.
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Find a database that suits your organization and invest in it.

In my experience, too many organizations think of their fundraising database solely as a burdensome expense, rather than as an essential fundraising tool. The organization doesn't think twice about spending thousands of dollars for food for a fundraising event. Yet, they hem and haw over a similar expense for a first-rate fundraising database.

A good fundraising database isn't a backwards looking tool that just shows you who gave what. It's a forward-looking tool that can be used to raise more money. A lot more money.

As a general rule of thumb, I tell organizations that they should pay 1% of their annual budget towards their fundraising database. That's not the one time cost; that should be the annual investment. When making a database transition, they may need to invest significantly more than that to make the transition. Smaller organizations that hope to grow should also pay more than 1% so they have a database to grow into, not to quickly outgrow.

Failure to invest money in databases is one failure. Another failure I've repeatedly seen is an unwillingness to invest time. I've seen organizations take the leap to a first-rate database and then use it as a second-rate database because they failed to take the time to think through how to use it given their fundraising needs. And they failed to take time to train their staff on how to use its more advanced capabilities.

Fifteen years ago my article would end at this point. But the internet has changed that by creating an entirely new set of information that organizations should capture.

Organizations that thrive have robust interactions with supporters via email, websites, and online social networks. This will become even more true in the next decade.

These interactions should be captured in a database. And unlike the other systems we've talked about, if done well this new database can involve very little data entry – the data is simply captured.

You don't just want to know a supporter's email address and what emails they have received. You want to know which they opened, what links they clicked on, and what actions they took. And that's not even counting tracking who has a Facebook page, a Twitter following, etc.

You want this information so you can micro-target future communications. And you want it to identify those who're ready to engage at a deeper level with your organization.

Should this database of online interactions be integrated with your fundraising database into a single system?

The cost of integration into a single system is an opportunity cost. There are specialized fundraising tools that are better at fundraising (in my experience) than the database solutions that combine both fundraising information and online interactions. Likewise, there are specialized online interaction database tools that are better than the integrated solutions I've seen. If you keep these information systems separate, you have more vendors to choose from who can tailor a solution for your organization.

But in my experience the benefits of integrating the two database systems are huge. I'll cite just a few of those benefits as examples. Staff has fewer tools to learn, so training is easier and quicker. Data stays more accurate across both systems and less time is wasted doubling up data entry.

Most importantly, in an integrated system you can more easily use information from one database to accomplish the other function. As a major donor fundraiser, I repeatedly found it helpful to instantly know whether a donor I was about to meet was interacting with us online, and on which issues. And as an online communicator, it was very helpful to segment emails so that donors received a different email than non-donors.

Even if you opt against choosing one product that performs both these functions, it's essential that you think through the implications of having two databases.

Where does that leave us?

To some extent, an organizations' failure to invest in information management systems is a symptom, not a root cause. Some organizations have a personality that is frenetic. They are always doing. Everyone's very busy. Lots of things are getting done. But many tasks are being triaged (consciously or by neglect). Long-term investments are not made in information management and many other things.

At critical junctures, information necessary to move forward is either missing or inadequate. Time is wasted. Making positive change becomes harder. The organization runs like a rat around the wheel, but never gets the wheel to the next level.

In my experience, these organizations fail to hit the next level because they're so busy focusing on the short-term, that they don't invest in the long-run. Information management systems are very high on the list of long-term investments organizations should make.

This investment isn't just one of money. Equally important is the investment of staff time and brainpower to think through what systems are right for any particular organization.

Organizations that do make these investments are the ones you see flying high like the eagle, wondering how they got all the way up in the sky.

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