IMPROVE YOUR DONOR BASE:

IDEAS FROM RAWHIDE'S EXPERIENCE

Do you have a healthy donor information system? Here are steps to assure that you do.

BY TIM COSTELLO & BRYAN LILLY

Rawhide Boys Ranch, located in Wisconsin, provides housing, counseling, supervision, and vocational training for boys referred by Juvenile Courts. Like most nonprofit organizations, Rawhide relies heavily on donations.

Vehicle donation is the cornerstone of Rawhide's donor program. Donors contribute used vehicles, which are sold by volunteer auto dealers. To monitor the program's effectiveness, Rawhide collects information from vehicle donors. Recently Rawhide updated its system of collecting this donor information. Here are the lessons learned.

WHY UPDATE YOUR DONOR INFORMATION SYSTEM?

Having a system for collecting donor information is essential. A good donor information system will alert you to donation trends and help you raise your donation rates.

Once your donor system is in place, don't forget about it. Take another look at it periodically. Why? There are four reasons:

1. Information needs continually change. For example, Rawhide's Web site was created after its donation information system was developed. The information system wasn't designed to provide information to evaluate and improve its Web site.

2. Competition is increasing. In Rawhide's case, other nonprofit organizations now compete for donated vehicles. This competition means that Rawhide must become more capable in using information to identify potential new donors.

3. Existing donor information systems may have been designed for outdated computer systems. New database and analysis software offers new opportunities to reap benefits from information.

4. Your donor information system is a marketing research tool. Most marketing research tools aren't perfectly applied, and your existing system could probably be improved.

FOUR STEPS TO AN IMPROVED DONOR INFORMATION SYSTEM

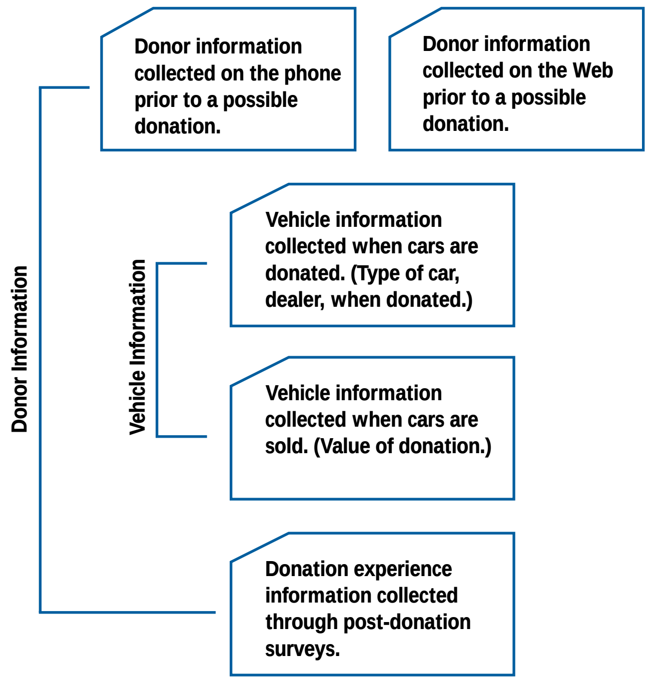
STEP 1:
Evaluate Your Existing Information System.

Approach this task with an open mind. You may be surprised to discover that your system collects more (or less) information than you think it does.

Be sure to talk to a variety of people involved with donors. The only way to understand your system is to talk to people involved in all its facets. Rawhide, for example (see Figure 1), collects information from many different people:

- When prospective donors call Rawhide's toll-free number or visit its Web site, Rawhide records vehicle and donor contact information and then sends a donor brochure.

Figure 1.
Components of Rawhide's Old Donor Information System



- Rawhide collects information when donors deliver vehicles to auto dealers.

- At dealer sites, Rawhide gathers information about the donation itself–when it occurred, which dealers were involved, and the value of the donation (the sale price of the auto).

- Rawhide sends receipts and thank-you cards to donors along with a survey. The survey asks donors to rate aspects of the donation experience and to offer suggestions for improvement, thus providing more information for Rawhide about its donor information system.

In evaluating its donor information system, Rawhide talked to people involved in all those processes. Its evaluation yielded some surprising discoveries:

- Information gathered from different information sources wasn't completely merged, which decreased its value. For example, the value of donations wasn't related to specific counties or other geographic regions–valuable information which would have let Rawhide aim its marketing efforts at counties whose donations provided higher average value.

- The donor survey lacked many useful questions. Its questions were limited for fear of alienating donors–an unrealistic fear because people have a special interest in organizations to which they donate and are usually pleased to answer questions that will be helpful.

- Post-donation surveys were being sent to only a sample of donors. If all donors were surveyed, the results would be more useful. Since Rawhide includes surveys with receipts and thank-you cards, mailing more surveys wouldn't increase postage costs.

- Survey questions weren't worded in ways that allowed meaningful analysis. For example, one question asked respondents to rate their overall donation experience and the likelihood that they would consider a future donation. Whether a donation experience was positive is a different issue than whether a donor is likely to make a future donation. Answers to this question are ambiguous because a high or low response to the question can indicate either high satisfaction or high likelihood of a future donation but can't be attributed cleanly to either issue. This problem is similar to the finding among many for-profits that customers can be satisfied and yet defect to a competitor on their next purchase.

These examples provide an idea of valuable information you may be missing in your own information-gathering procedures. They should also make clear the importance of evaluating those procedures often.

Step 2:
Check the Big Picture.

The second step can be even more of an eye-opener. Leave your existing-system thoughts behind, and focus on your organization's needs from a broad perspective. Identify business objectives you could address through donor information. Prioritize these objectives, and list the information you need to accomplish each one. Not only will this step lead to a list of valuable information, but it will encourage managers to think about priorities among their objectives–an important side benefit. For Rawhide, this process led to a list of 45 objectives. Table 1 provides an excerpt of this list.

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Table 1.
Excerpt of Management Objectives

Management Objective	*Priority*	*Information needed*
Segment donors	High	Donor demographics, motivation for donating, type of car donated
Evaluate donation process	High	Donors' experiences with donation process
Expand types of donations received	Moderate	Timing of vehicle donations, donor willingness to contribute non-vehicle items

STEP 3:
Compare Step 1 and 2 Results, & Prioritize Changes.

Next, compare your existing information system (which you evaluated in Step 1) to your big-picture information needs (identified in Step 2). Which information needs are being met, and which aren't? The answers suggest ways to trim waste while adding useful information to your system. As you decide what changes to make, keep these factors in mind:

- Refer to the priorities you identified in Step 2. If you can't change everything, start with your highest priority.

- Add information in a way that will be easy to use later. For instance, do you have software you can use to analyze the data you're collecting? If so, it will be more useful to have respondents answer on a scale of 1 to 5 than to ask yes-no questions.

- Make sure you ask questions in a way that will elicit the most insights. Some questions are fine on a written survey, while others are more suited to phone or in-person interviews where a staff member can ask for elaboration.

- Decide whether you need to survey every donor or just a sample. You need some information (name and address, for instance) from every donor. Other information (such as whether the donor received a quality experience) can be collected from a small number of respondents and still provide a helpful benchmark.

STEP 4:
Implement Changes.

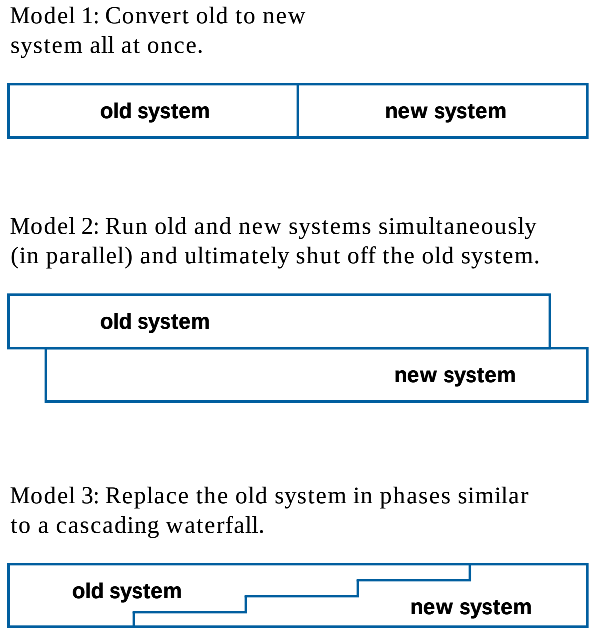
As Figure 2 shows, there are three ways to implement a changeover:

1. The on-off method involves a complete donor-information-system transition at one time. A new system is created and turned "on" and the old system is then immediately shut "off". This method might be most suitable if an outside vendor is making changes for you or if your old system is so antiquated that you really cannot make a slow transition.

2. The parallel method is an approach in which both systems operate simultaneously. The old system is turned "off" only after the new system has been maintained for some time. This system is cautious, expensive, and appropriate if you're concerned about the new system losing donor information.

3. The waterfall method refers to a gradual changeover from the old system to the new system. The new system is added in modular fashion, and the old system is shut off in the same way. This system is particularly appropriate if you are constructing the new system on your own (as in the case of Rawhide) or if you want to start updating your system before finalizing all modification plans.

Figure 2.
Three Ways to Implement a New System



> *Treat your donor information as a valuable asset.*

You must also decide how to handle existing donor information. There are three things you can do with it:

1. Discard it. You can get rid of information that's on paper and won't be of any future value.

2. Keep it. Other information has a higher potential to be of future value and should be kept in paper form.

3. Convert it. Some information (such as vehicle sale prices in Rawhide's case) must be used for internal benchmarking. For this information you may have to convert old documents to whatever data format will be used by your new system.

ADDITIONAL LESSONS LEARNED

- Realize that your information needs change periodically. Therefore your donor information needs will also change and your system will need to be modified again. Thus, if you adopt software for your new system, think about whether this new software can be expanded in the future.

- Just like a financial system, your donor information is a system that must be controlled to be used effectively. Monitor the system's effectiveness, and continually explore ways to use information.

- Treat your donor information as a valuable asset. Donors are the lifeline of a nonprofit organization. If your current donor recordkeeping system is unorganized, then make it your priority to update your system.

- Don't underestimate the time involved in updating your system. Rawhide spent over four months evaluating its current system, thinking about its true information needs, and identifying and prioritizing changes to make. The implementation of its new system is still in progress.

- Keep people informed of changes you plan to make. Not only will people be grateful to be included, but they will think of ways to smooth the transition from old to new system. These same people will be your source of ideas for modifying your system next time; keeping them informed "closes the loop" and motivates them to participate in future system updates.

- While you update your system, take advantage of the opportunity to update your thoughts about how your organization makes use of donor contributions. Enjoy the learning experience. ■

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*Starred resources are available from the Society's Resource Center, 608-274-9777, Ext. 221, www.danenet.org/snpo.

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