CRM for the Not For Profit Sector

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Published: March 2015
CRM for the NFP sector – why, how and sector observations

The NFP sector is experiencing funding pressure on multiple fronts

NFP revenue streams are under mounting internal and external pressure as funding sources dry up, donor expectations increase, and the economic and political climate creates uncertainty. To tackle the challenges, most NFPs are employing a mix of defensive and attacking strategies.

Stronger engagements with individual donors can lead to enhanced loyalty, advocacy and financial outcomes – and understanding the donor experience is key

Traditional engagement approaches may firstly ask “what do we have to do?” followed by “how can we get our donors to fit in with our processes?”. A donor-centric approach seeks to defines the desired donor experience first, followed by process and technology considerations.

A CRM system can support a better donor experience and deliver additional operational benefits

Practically speaking, a CRM system is the bridge between staff and customers. For an NFP, a CRM can help deliver better donor service, facilitate more donors and more donations, simplify and target communication and marketing efforts, and enhance operational efficiency.

A CRM helps knit together multiple donor touchpoints and can underpin a broader retention strategy

A CRM system can help an organisation traverse donor touchpoints across multiple channels to create a single source picture of a donor and how best to engage with them. The insights and information delivered by a CRM should be used to help inform decision-making and a broader retention strategy to truly strengthen donor engagements.

However, successful CRM involves much more than purchasing a technology solution

A CRM is a technology platform that helps facilitate better relationships with donors and other stakeholders. However, much more than technology is required to deliver the outcomes sought – the people, process and content are equally important.

The 4i’s to successful CRM implementation

We see four components to highly successful CRM implementation:

1. **Intent**: Clear strategic intent, married with strong information management;
2. **Interaction**: Systems that drive interactive campaign management;
3. **Integration**: Common delivery platforms - whether digital, face to face or on the phone; and
4. **Insight**: Campaigns based around deep customer insight.

NFPs typically have clear intentions, but struggle to extract useful insight

SPP conducted a benchmarking study of NFP organisations in 2014-15, assessing organisational maturity in terms of CRM adoption across the 4i’s and 13 underlying criteria. The study showed that most NFPs started off well with clearly defined intentions, but were weaker at extracting useful insight and translating this into effective campaigns.

6 principles help guide CRM success

It’s easy for CRM programs to lose focus, become lost in “too much data” or technology mind fields, and not achieve any of the original program objectives. SPP has identified a few simple ingredients help ensure CRM program success.
NFPs are experiencing funding pressure on multiple fronts

NFP revenue streams are under mounting internal and external pressure as funding sources dry up, donor expectations increase, and the economic and political climate creates uncertainty.

- The current economic climate creates uncertainty and reduces the level of corporate, government and personal giving.
- A growing number of local and global NFP organisations with strong value propositions competing for limited donations.
- Donor expectations are increasing, buoyed by enhanced service levels in the private sector.
- A constantly shifting political context threatens funding sources and increases investment risk.

Source: SPP NFP Benchmarking Study (2014-15); SPP Client Work.
Most NFPs are employing a mix of defence and attack

NFP’s are working through the wave of change with a range of strategies designed to protect their core income and critical capabilities, as well as shaping the growth options of tomorrow.

<table>
<thead>
<tr>
<th>Defence</th>
<th>Attack</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Improve Operations</td>
<td>Market to Donors and</td>
<td></td>
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<tr>
<td>to free up income for</td>
<td>Government</td>
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<tr>
<td>investment in internal</td>
<td>to increase profile in</td>
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<tr>
<td>improvement and profile</td>
<td>future competitive market</td>
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<td>for funding</td>
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<td>Protect Core Markets</td>
<td>Seed new services and</td>
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<td>by maximising focus on</td>
<td>platforms</td>
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<td>bids that are “heartland”</td>
<td>in markets of change and</td>
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<td></td>
<td>growth</td>
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<tr>
<td>Influence through Advocacy</td>
<td></td>
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<td>for a seat at the strategic round-table</td>
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</tbody>
</table>

Most NFPs are looking at new ways to grow, particularly by creating new sources of un-committed funding

Source: SPP NFP Benchmarking Study (2014-15); SPP Client Work.
Strengthening donor engagement can help convert observers into organisational champions

Stronger engagements with individual donors can lead to enhanced loyalty, advocacy and financial outcomes.

THE PYRAMID OF DONOR ENGAGEMENT

- **Observers**: I’m aware of what you’re about and your vision, but I don’t have a strong reason or opportunity to engage further.
- **Followers**: I receive your communications, but there’s no guarantee I’ll look at what you send me.
- **Endorsers**: I’m willing to endorse your vision, but I’m not that keen to get involved in your mission.
- **Contributors**: I’m committed and will pitch in to furthering your mission, but I’m contributing when it suits me.
- **Owners**: You can count on me to actively figure out how to pitch in.
- **Champions**: I’m willing to publicly lead and champion your vision / mission.

Enhanced loyalty, advocacy and financial outcomes

Source: SPP Approach
Understanding the donor experience is key to strengthening engagement

Traditional engagement approaches may firstly ask “what do we have to do?” followed by “how can we get our donors to fit in with our processes?”. A donor-centric approach seeks to define the desired donor experience first, followed by process and technology considerations.

1. Define the donor experience
   - What do donors say they want and need?
   - What donor experience do we want to provide?
   - What opportunities do we have to go above and beyond?

2. Identify key internal processes for delivering this experience
   - How do we currently engage with our donors?
   - What must change to deliver the desired donor experience?

3. Consider technology options
   - What technology is available?
   - What technology best meets our needs?
   - What existing technology must be adapted?

SPP deploys a donor experience led approach first before considering technology

Source: SPP Approach
A CRM system can support a better donor experience and deliver additional operational benefits

A CRM system can help deliver a better donor experience to ultimately further an NFPs vision.

**EXAMPLE BENEFITS OF A CRM SYSTEM**

1. **Better donor service**
   - Ability to more easily personalise and customise relationship with each donor through profiles and targeted marketing efforts

2. **More donors, more donations**
   - Can help an NFP effectively identify high potential donors and gather relevant information on who, what, and how to target

3. **Simplified and targeted communications**
   - Streamlines communication efforts through co-ordination between different teams, and helps track digital marketing KPIs

4. **Enhanced operational efficiency**
   - Can help facilitate and automate operational tasks such sending mailouts, tracking follow-up progress, and automated reporting

The key objective of a CRM is to strengthen donor engagement to support an NFPs vision

Source: SPP Approach
Practically speaking, a CRM system is the bridge between staff and the customer

An effective CRM can ensure staff have the right information at their fingertips to deliver the service donors expect. A CRM can ensure seamless and consistent experience across programs, bridging established silos.

Source: SPP Approach
A CRM helps knit together multiple donor touchpoints

A CRM system can help an organisation traverse donor touchpoints across multiple channels to create a single source picture of a donor and how best to engage with them.

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Face-to-face</th>
<th>Web</th>
<th>Mobile</th>
<th>Call Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guiding principles/</td>
<td>• More personalised engagement</td>
<td>• General engagement</td>
<td>• Transactions/fast donations</td>
<td>• Admin queries</td>
</tr>
<tr>
<td>approach</td>
<td>• High value interactions</td>
<td>• NFP overview</td>
<td>• Sales starting point</td>
<td></td>
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<td></td>
<td>• Brand Presence</td>
<td></td>
<td>• Queries</td>
<td></td>
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<tr>
<td>Focused capabilities</td>
<td>• Personal, consultative selling</td>
<td>• Easy navigation</td>
<td>• Easy navigation</td>
<td>• Efficiency</td>
</tr>
<tr>
<td>of this channel</td>
<td>• Needs analysis</td>
<td>• Strong presence and</td>
<td>• Speed</td>
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<td></td>
<td>• Broad knowledge of programs - ambassadorship</td>
<td>positioning</td>
<td>• Reliability</td>
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<td>Underlying shared</td>
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<td>capabilities delivered</td>
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<td>by a CRM system</td>
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<td>Investment Demands</td>
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<td>• Single view of the donor</td>
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<td>• Fit-out</td>
<td>• Common Brand presentation</td>
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<td></td>
<td>• Branding</td>
<td>• Offer (to member, to donor)</td>
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<td>• Training</td>
<td>communication</td>
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<td>• People</td>
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<td></td>
<td>• Content</td>
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<td></td>
<td></td>
<td>• Donor database</td>
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<td></td>
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<td>• Offer presentation</td>
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<td>• Content</td>
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<td>• Navigation</td>
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<td>• Applications</td>
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<td>• Workflow systems</td>
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<td>• Training</td>
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<tr>
<td></td>
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<td>• People</td>
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</tbody>
</table>

A CRM can be used for all touchpoints with donors – not just digital

Source: SPP approach
A CRM system can underpin a broader retention strategy

The insights and information delivered by a CRM should be used to help inform decision-making and a broader retention strategy to truly strengthen donor engagements.

Who are our donors?  How do we want to segment our donors?  When should we engage our donors?  How should we engage our donors?  How do we co-ordinate engagement across our organisation?  To what extent is the engagement helping further our goals?

**Characteristics**
- Demographics
- Time with NFP
- Estimated salary
- Occupation

**Behaviours**
- Donation amounts
- Channel behaviour

**Attitudes**
Segmentation of customers into groups defined by their behaviours

**Scenarios**
Set scenarios that identify how organisation responds to individual customers. Updated in real time. Includes:
- Propensity modelling
- Data analytics
- Dashboards

**Changes / Triggers**
- Changes to customer characteristics, behaviours, or life-stage
- External triggers e.g. competitor actions, marketing, disasters, reputational events

**Customer Touch Points**
- Online
- Donor portal
- Contact centre
- Print / Mail
- Advertising

**Business as Usual**
- Initiatives that are a part of business as usual
  - Marketing calendar
  - Brand positioning
  - Regular campaigns
  - Contact lists
  - Seminar invites

**Organisation Strategy**
- NPS/Satisfaction
- Customer loyalty
- Customer retention
- Acquisition
- Revenue growth

**New Initiatives**
New initiatives to be tested for BAU status
- Product development
- Contact centre reviews
- Tailored direct marketing
- New ideas

Source: SPP retention model.
However, successful CRM involves much more than purchasing a technology solution

A CRM is a technology platform that helps facilitate better relationships with donors and other stakeholders. However, much more than technology is required to deliver the outcomes sought – the people, process and content are equally important.

<table>
<thead>
<tr>
<th>People</th>
<th>Description</th>
</tr>
</thead>
</table>
| “Who”  | Critical Success Factors: Buy-in, attitude, skills, experience  
|        | Follow process, utilise technology, generate content |
| “How”  | Critical Success Factors: Efficient, workable  
|        | Involve people, leverage technology, manipulate content |

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
</table>
| “How”   | Critical Success Factors: Enabler, accessible  
|         | Supports processes, serves people, holds content |

<table>
<thead>
<tr>
<th>Technology</th>
<th>Description</th>
</tr>
</thead>
</table>
| “How”      | Critical Success Factors: Confidentiality, integrity, availability  
|            | Tailored to people, manipulated by processes, stored using technology |

<table>
<thead>
<tr>
<th>Content</th>
<th>Description</th>
</tr>
</thead>
</table>
| “What”  | Critical Success Factors: Confidentiality, integrity, availability  
|         | Tailored to people, manipulated by processes, stored using technology |

**What good looks like...**

- Roles and responsibilities are defined
- Information owners are assigned – e.g. who owns market segments? Who owns campaign execution?
- Senior management outcomes are tied to information and/or knowledge management outcomes via KPI’s
- Information management processes are clearly defined
- Specific contact and campaign management principles are applied
- Information repositories are consistent and interoperable
- In the CRM world – clear links can be identified between different users of the CRM-based information
- Information management goals are clearly documented

Source: SPP Approach
There are four components to successful CRM implementation

We see four components to highly successful CRM implementation. The first is clear strategic intent, married with strong info management. This needs to be backed up by systems that drive strongly interactive campaign management. The delivery platform must be common whether digital, face to face or on the phone. And campaigns must be based around deep customer insight.

The 4i’s to successful CRM implementation

<table>
<thead>
<tr>
<th>Intent</th>
<th>Interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong and well articulated intent, in conjunction with a well designed approach to information management</td>
<td>Well understood donor history, in conjunction with interactive campaign management</td>
</tr>
</tbody>
</table>
| • CRM intent is clear  
• CRM model and process is well structured  
• Links between CRM performance and business KPIs  
• Information capture and activation  
• Customer data enrichment | • Awareness of history and interactions  
• Database analysis  
• Outbound targets & campaign mgmt. |

<table>
<thead>
<tr>
<th>Integration</th>
<th>Insight</th>
</tr>
</thead>
<tbody>
<tr>
<td>A common platform across all service channels, with high impact on the service experience</td>
<td>In combination with external data sources, real insight into donor needs, and successfully executed predictive analytics</td>
</tr>
</tbody>
</table>
| • Channel integration  
• Impact on service experience  
• Development of real time knowledge | • Integration with external data sources including client data sources  
• Ability to predict needs and/or behaviours |

Source: SPP Approach
### NFPs typically have clear intentions, but struggle to extract useful insight

<table>
<thead>
<tr>
<th>Intent (and Information Management)</th>
<th>Stage 1: NFPs</th>
<th>Stage 2: Clear Intent</th>
<th>Stage 3: Clear Strategy</th>
<th>Stage 4: Clear Business Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM Intent is clear</td>
<td>No clear business rationale for CRM</td>
<td>Recognition that “CRM is needed” but the purpose vague</td>
<td>Clear strategy for using and implementing CRM</td>
<td>Customer focus and the need for good customer data and customer management a core part of the organisational DNA</td>
</tr>
<tr>
<td>CRM model and process is well structured</td>
<td>No clear role for CRM in the organisation</td>
<td>Role identified for CRM but with limited understanding of the broad process needed to execute</td>
<td>Function identified, role clarified, and employees assigned</td>
<td>CRM and customer-data seen as an area of strategic focus and a process and model designed accordingly</td>
</tr>
<tr>
<td>Links between CRM performance and business KPIs</td>
<td>No link to business KPIs</td>
<td>Some links to business KPI's</td>
<td>Clear links between CRM process and data, and business KPI's or strategy</td>
<td>Live performance statistics that highlight business outcomes related to CRM</td>
</tr>
<tr>
<td>Information capture and activation</td>
<td>Contacts are not captured</td>
<td>Critical contact information is captured but many are not, and contacts not systematically shared</td>
<td>Contacts well captured, validated, and shared systematically</td>
<td>Contact details captured in real time via external sources including linked in or facebook</td>
</tr>
<tr>
<td>Customer data enrichment</td>
<td>No details at all are captured, or some limited detail such as name</td>
<td>Basic contact details are captured with minimal categorisation</td>
<td>Detailed categorisation and segmentation of data, with some limited links to other systems</td>
<td>Highly detailed taxonomy and tags used, and some external data used to enhance knowledge of the customer, with strong links to other systems</td>
</tr>
<tr>
<td>Interaction</td>
<td>Interactions between the customer and organisation are not recorded</td>
<td>Some key interactions are recorded for customers</td>
<td>Notes are manually recorded and dated against each contact</td>
<td>All interactions are recorded against each contact in real time, potentially enhanced by external data feeds</td>
</tr>
<tr>
<td>Database analysis</td>
<td>No analysis is conducted on the database</td>
<td>Can filter the list of customer details against a number of useful dimensions</td>
<td>Can build basic reports to show trends, CRM composition, and frequency and quality of interaction</td>
<td>Regular reports produced highlighting key events/trends with capability for detailed interrogation of data</td>
</tr>
<tr>
<td>Outbound targets &amp; campaign mgmt.</td>
<td>Contact lists cannot be built from the database &amp; no integrated campaign capability</td>
<td>Some capability to build target lists and execute a basic campaign</td>
<td>CRM can build and send out focused outbound campaigns with a high degree of interactivity</td>
<td>Highly focused campaigns generated using predictive modelling and the ability to shift the focus of the campaign over time</td>
</tr>
<tr>
<td>Channel integration</td>
<td>Channels are not integrated at all (across web, phone, face to face)</td>
<td>Data from key channels pushed into the CRM and shared and accessed to a basic level</td>
<td>Data can be shared across the organisation with many points of access</td>
<td>No “silos”. All touch points, interactions and conversations captured and data shared in many different formats</td>
</tr>
<tr>
<td>Impact on service experience</td>
<td>No impact at all on service experience</td>
<td>Customer data and history used in service interactions at a purely historical level</td>
<td>Detailed service data used to highlight service issues and improve service</td>
<td>Ongoing shifts in service delivery as a response to customer issues and feedback</td>
</tr>
<tr>
<td>Development of real time knowledge</td>
<td>Data and/or information is inaccurate, incomplete and requires work to use</td>
<td>Systems are in place to draw on data and generate real time conversations</td>
<td>Interactions, areas of interest, customer conversations (e.g. via twitter) and other data sources linked</td>
<td>Triggers are used internally to flag key customer changes and/or movements</td>
</tr>
<tr>
<td>Integration with external data sources including client data sources</td>
<td>Customers cannot update their own information</td>
<td>Customers can update their contact details only</td>
<td>Customers manage their own CRM data, with feedback captured</td>
<td>Big data integration i.e. Social Media, Google, News, etc.</td>
</tr>
<tr>
<td>Ability to predict needs and/or behaviours</td>
<td>No understanding of customers future needs</td>
<td>Ability to capture customer data that indicates likely needs and or behaviours but with considerable analysis</td>
<td>Strong capabilities around predictors across a range of situations</td>
<td>Identifying likely customer changes/behaviours and acting quickly or in near real time to respond</td>
</tr>
</tbody>
</table>

Source: SPP NFP Benchmarking Study (2014-15)
6 principles help guide CRM success

It’s easy for CRM programs to lose focus, become lost in “too much data” or technology mind fields, and not achieve any of the original program objectives. A few simple ingredients help ensure program success.

<table>
<thead>
<tr>
<th>Ingredients</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. A clear vision for information management</strong></td>
<td>A sophisticated CRM program will capture a lot of data. This data must be managed using broader information management principles to turn data into knowledge, and ultimately, wisdom. Getting this right is a great first step.</td>
</tr>
<tr>
<td><strong>2. A broad view on benefits, including member or donor retention</strong></td>
<td>There are many factors that contribute to retention that are outside the realm of CRM, strictly defined. However, the CRM program can also help support other factors - in particular, brand equity via the word-of-mouth of happy customers.</td>
</tr>
<tr>
<td><strong>3. Multi-channel approach</strong></td>
<td>As is now well known to the point of exhaustion, consumers (and customers) use and rely on multiple channels to gather information and keep in touch. A CRM program must accommodate these habits of the modern consumer.</td>
</tr>
<tr>
<td><strong>4. Systems built with Big Data in mind</strong></td>
<td>Big Data and its associated analytics is the essential mindset for managing the Volume, Velocity and Variety of data that will be generated by sophisticated CRM programs.</td>
</tr>
<tr>
<td><strong>5. Senior management sponsorship</strong></td>
<td>In order to maximise the benefits, CRM programs need coordination and cooperation between many parts of an organisation. Therefore, sponsorship from the top is essential. Share and celebrate success stories, including customer feedback, with the entire organisation to maintain momentum.</td>
</tr>
<tr>
<td><strong>6. A clear organisation-wide implementation plan</strong></td>
<td>Define what success looks like, including the target level of maturity for each element of the CRM program and information management tool. With top management support, develop an implementation plan with clear objectives, achievable milestones, and criteria to measure success.</td>
</tr>
</tbody>
</table>

Source: SPP approach.
About SPP

Strategic Project Partners is a generalist, strategy consulting firm. We support General Managers on difficult strategic and operational challenges.

Established in 2005, SPP has delivered successful outcomes for a broad range of commercial and Government sector clients. As a result, we have strong relationships with many businesses, from Top 50 listed companies through to small enterprises.

When we deliver our projects, whether it’s a strategic study or the implementation of large-scale change, we focus on:

• Strong project management
• Clarity of outcome
• An obsessive focus on project benefits
• Robust, fact based analysis
• Simple communication
• Bringing experience to bear

About the authors

Phil Noble
Managing Partner
Phil has a broad range of experience in general management consulting, as well as in Not for Profit. Phil started SPP with the aim of bringing good strategy and general management practice to businesses with a minimum of fuss, and maximum impact.

Ben Apted
Partner
He leads SPP’s Government, Education, Research and Digital Practices. Ben is a thought leader and contributor nationally and internationally on higher education strategy, engagement, and operations. Ben has also led projects to transform government service delivery, and helped develop new policies and programs in innovation, ICT, growth and productivity, and sector development. He brings a customer-centric approach to SPP’s partner organisations, developed through over ten years in the retail industry prior to joining SPP in 2006.

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