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# Making Order out of Chaos

## How a **Good Fundraising Database** Can Help You **Raise More Money**

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**H**ere's a nightmare: All of the clothing you have ever owned in your entire lifetime is in piles on the floor of your walk-in closet, unfolded and disorganized. Socks, shoes, tights, jogging pants, underwear, pajamas, shirts, tank-tops, t-shirts, shorts, ties, earrings, rings, hats and coats — everywhere and chest-deep. You have to get dressed and think, "This is not an efficient way of dressing! It's too overwhelming. I just need everything to be in its place so I can get what I want when I need it!" You realize you have to organize it. You wake up in a cold sweat.

### **DOES YOUR GROUP NEED A DATABASE? YES!**

Is this nightmare how you sometimes feel when it comes to managing donor information? Is it frustrating, confusing, overwhelming, and disorganized? Data management is often the last priority for small groups. You're busy changing the world! Data *what?*

If your shoes are on a tree rack and the shirts and pants are on hangers in the closet, you can know if you have an outfit for a black-tie party, or assess which pants look good with what shirt. Right? How does this relate to fundraising?

It is generally understood that the goal of fundraising is to build a base of donors who will give you money every year. In order to make informed decisions and realistic plans about all of your fundraising efforts, you need to know who your donors are and how your group is doing with them. Then can assess and target your fundraising strategies so you can increase your base of donors. You can do all these tasks better and smarter if donor information is organized and easy to capture in a readable report.

One important aspect of creating those reports is to have a database that is used properly and runs efficiently. Just as you can't get dressed if all the clothes you have ever owned are in a big messy pile, you can't do your fundraising efficiently if all your donors are in a big messy pile either.

This article looks at what databases can do for you.

### **WHAT DATABASES CAN DO FOR YOU: REPORTS AND GROWTH**

When a database is running efficiently, it's like having a rosy dream instead of a nightmare. How? Databases do two things that are essential to fundraising:

- Produce reports to help you make informed decisions and develop realistic fundraising plans
- Help you grow in your fundraising efforts

#### **Reports: Proof of Effectiveness**

Reports are the core of your database program. Their job is to provide answers to questions about your donors and your fundraising efforts so you can move forward with some certainty. Imagine spending 45 minutes in the nightmare closet looking for a pair of white socks when the only ones there are from when you were five, but you don't know that. In fundraising, if you don't know what donors you have or how long they've been with you or what happened in your past efforts with them, you'll spend time trying things that either aren't a good idea or aren't even a possibility. For example, you wouldn't launch a special event starting at \$50 if your average gift is \$40.

Different kinds of reports answer different questions:

- **Assessment reports** answer, "What happened?" These reports show "the numbers," measuring success so that you can compare fundraising efforts. Some examples: How many donors were mailed to in that last mail or online appeal? How many responded? What was the average gift size? How much giving has a particular board member influenced this year? What had they agreed to do? Are this year's special events doing as well as last year's? Did they bring in a higher ratio of money to expense? Did more people come? How effective is our Major Donor Program? How does our Direct Response Program perform versus our Major Donor Program? Is personal solicitation effective?

Here's another example of how reports help. One group decided to cancel their June appeal mailing when a report showed that for three years running this mailing to active donors not only brought in an incredibly low response (below 3%) and did not raise any money, it lost money.

- **Donor category reports** answer, "Who responded?" giving you specific donor information. For a major donor campaign, for example, when you ask, "Who gave \$50 or more in the last 24 months for any reason?" a donor category report can print out all their names, addresses, phone numbers, and gift history so that board members can follow up with personal solicitations seeking larger gifts.

- **Thank you letter reports** answer, "Who gave in the last week" or "Who gave just to the direct mail appeal?" The report then compiles information to be merged into thank you letters — an important tool as your donor base gets larger and you have more donors to thank within that 48-hour window!

- **Pledge reports** answer, "Who made what pledges, who has paid their pledged amount, and who hasn't?" These reports help you maintain a monthly or quarterly giving program and help you keep track of pledges to special campaigns.

- **Giving history reports** answer, "Who gave, how much, and in response to what solicitation?" For example, you can show the name, address, phone number, or whatever other information you specify for donors who gave a minimum major donor gift or more in the last three years; you can also find out how much they have given in total over the last three years. You can also track individual donors to see if there are patterns to their giving. This information can help you determine when to ask them for more.

Tracking segments of the donor base and how they give is a sophisticated analysis strategy and gives a major boost to helping a fundraising program grow.

You can select any group of donors based on any criteria and see how they give. The information that results helps with targeting strategies more carefully, from selection of mailing lists to special event invitations to ceasing to ask seriously lapsed donors.

Many groups that are still in the nightmare phase can't imagine having such a concise image of their donor base or such organized information. But you can have all this information at your fingertips. Reports help you plan realistically and make informed decisions.

### Helping You Grow

When your old clothes have been given to the thrift store and your closet is really under control, you can move on to other things. When your database is running smoothly

and efficiently, you are in a position to focus on executing a better fundraising program — getting more donors and raising more money. You can move on to diversify the ways you ask for money and increase how frequently you ask.

Here are ways your programs can improve:

- **Direct Response/Annual Fund programs** often improve when the information in your donor base comes into focus. For example, when you know who gives and who doesn't, you can stop sending to a segment of donors who never give to mailings or to a segment that doesn't respond to online email requests; you can work to upgrade donors who give the same amount to the annual fund every year; you can determine how many more mailings or online asks to do each year.

- **Acquisition** technically loses money, but is a great way to increase your number of donors (thereby making money later). Once you understand the demographics of your donor base, you can choose what kinds of new lists to look for. Your database can help you do this by sorting current donors by zip codes, professions, or other information you might be able to feed in.

- **Donor Surveys** can yield a lot of information from your donors. The more you know, the better decisions you can make about reaching them with mail or online appeals, acquisitions, special events, planned giving, and major donor programs. A good time to conduct a donor survey is when you are increasing your efforts or making a change.

For example, do you know the average age of your donor base? Knowing how many of your donors are 50 or older can be helpful with planned giving campaigns. This and other important information

that you gather on your donors can be fed into your database for later use. (For more on conducting donor surveys, see *Fundraising for Social Change* by Kim Klein, and "Getting to Know Your Donors: The Donor Survey," by Martha Farmelo, *Grassroots Fundraising Journal*, Vol. 20:1, 2001.)

- **Major Donor/Capital Campaign/Planned Giving/Endowment Efforts** are all upgrading efforts. As you saw in the "reports" section, if you include in your database information about who knows each donor (either on your board or staff or in the larger community), you can print out a potential major donor report to inform you of potential solicitors.

In addition, you can be more specific in your appeals. For example, for a direct mail appeal or special event focused on capital improvements, you'd want to select donors you've identified as most likely to give additional



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money for that kind of project. For a planned giving campaign, in addition to targeting older donors, you'd want to know who has been giving for a long time or has in other ways shown significant loyalty to your group.

- **Special Events** are a way for donors to come closer to the organization by bringing your group and the donor face-to-face. As a result, special events help build the relationship. Your special event program can be enhanced once you understand the giving tendencies of your donors; you may even ask what events they prefer in your donor survey and include the results in your database.

- **Phone Banking/Telemarketing** work well with some donors. Your database can print a report with phone numbers of lapsed donors or those who have responded to phone appeals in the past.

- **Finding Board Members** can be easier when you use your database to tell you which donors show commitment to the organization by moving up in their level of giving or giving frequently. These people may be good prospects for your board of directors.

- **Tracking How You Treat Your Donors.** It is vitally important in a more sophisticated fundraising program to track all actions with every donor. For example, if a donor calls to follow up on a conversation about housing for homeless gay youth that she had with a board member she met recently, you could look up the notes about the conversation that were entered in the database when the board member told you about it and work with the donor right then and there. In addition, you would want to see how many appeals a donor has received before calling them if you have a need.

## TYPES OF DATABASES

There are three different kinds of databases, and the jargon about them can get quite confusing. Here is an overview of each type.

### Generic Databases

These databases are not designed specifically for fundraising. The two most common are Microsoft Access and FileMaker Pro. They start with a general program that can be built upon to manage any number of needs, from a small import/export company's inventory list to a small nonprofit's donor base. Once you purchase the database, you decide which elements to use and in what ways. You're essentially building your own database to meet the needs of your organization.

Generic databases are generally inexpensive, so small groups with modest budgets like to take this route. Building your own simple database in-house or with well-meaning volunteers may seem the ideal option.

Can this program do what you need? Yes, but only if you build it that way.

Many groups have found that the time and effort they put into designing and building a database program in Microsoft Access would have been better spent purchasing a low-cost program designed specifically for fundraising. (See "Why Building Your Own Database Should Be Your Last Resort" in the article, "Finding the Perfect Fundraising Database in an Imperfect World" by Robert Weiner in this issue.)

### Dedicated Fundraising Software

These databases are specifically designed for fundraising. When it comes to organizing donor information, many groups need the same types of functions, and these databases have prepackaged them for you. Fields, a

wide variety of reports, thank-you letter merges, and more are already set up in these programs. Prices vary from \$89–\$3,000 to start. For more sophisticated programs, you can pay tens of thousands of dollars.

Keep in mind that the purchase price is only one cost associated with setting up a fundraising database. Ongoing costs include technical support and training on the use of the software (and training time for new staff). There may also be server/network and multi-user costs. Some software companies charge very little for a basic system and then charge extra for additional functionality, such as event management capability.

(For more on how to choose fundraising software, see the article by Robert Weiner in this issue. You might also take a look at "A Few Good Tools: Low Cost Constituent Databases" at [www.idealware.org/articles/fgt\\_low\\_cost\\_dbs.php](http://www.idealware.org/articles/fgt_low_cost_dbs.php), which goes into detail about several commercial products.)

Within this category, you have another choice to make — purchasing software that you own and install on your own computer and/or network, or going with an online program where your data are hosted by the software company and you pay a monthly charge for the service.

With online databases, there's nothing to install on your computer or network. All of your data are maintained by the vendor online, and you have access to your information from anywhere. These services vary in expense (some are free) and in the kinds of services you receive. If you have 1,000 or more records, they can be expensive. However, over time, the overall cost might be lower than the cost of managing an in-house program. These databases do come with some risks. For example, how will you have access to your information if the



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provider's server or your Internet connection is down? And what happens if the company goes out of business? (For more on this type of software, see "Mind Your Own Business" by Eric Leland in this issue.)

### **Open Source Software**

A newer trend in the development of fundraising software is free databases that, like Access and FileMaker, require the technical skills to customize them for your organization's particular needs. They are more sophisticated in their functionality than Access and FileMaker, and some of them are designed to be integrated with other management systems.

I don't recommend going this route unless you're able to allocate sufficient staff resources to developing and maintaining the program. If you have the capacity to work with Open Source options, they provide more flexibility than the packaged software programs described above. But they're not a good choice for smaller, grassroots organizations with no dedicated IT staff.

As you can see, with a great database, your nightmare can turn into a rosy dream of informative reports, targeted asks, and increased fundraising success. 

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