

**Executive Summary**

Information is more than just power — it is the key to the success, growth and continued viability of every nonprofit organization. Yet, as many nonprofits have found, the information needed to engage donors, make strategic decisions and demonstrate accountability is often scattered throughout multiple departments and databases. Managers cannot access the performance measures needed to evaluate programs and activities. Fundraisers lack the basic information necessary for personalizing and enhancing communications. Executives find it difficult if not impossible to get a complete view of the impact their organizations are making. Nonprofit Intelligence overcomes these challenges by tying together disparate data sources to provide a cross-organizational view of vital information. By transforming data into knowledge and knowledge into informed decisions, Nonprofit Intelligence delivers the sophisticated analysis and insight nonprofit professionals need to make sound business decisions and, ultimately, demonstrate the value of their services to donors, funders and the community.

**Nonprofit Intelligence™**  
Business intelligence for nonprofits

Contents

An Introduction to Business Intelligence ..... 1

Translating Business Intelligence into Nonprofit Intelligence ..... 2

    Mission Intelligence ..... 3

    Fundraising Intelligence ..... 3

    Financial Intelligence ..... 3

    Marketing Intelligence ..... 3

Six Steps to Bringing Nonprofit Intelligence to Your Organization ..... 4

Nonprofit Intelligence: Meaningful Insights and Shared Knowledge ..... 5

An Introduction to Business Intelligence

**Scenario: Missed opportunity**

**David** is a former donor and is listed in your organization’s fundraising database as “lapsed.” David has been taking classes you offer for three years and, last week, volunteered to act as a mentor in one of your youth-in-crisis programs.

- ◆ Your development director thinks David lost interest in the organization and has dropped him from appeals.
- ◆ Individual instructors have met David in class but do not realize he has taken a series of courses over the past several years.
- ◆ Your volunteer coordinator, excited that David has offered to serve as a mentor, asks if he is new to town.

The volunteer coordinator, trying to cover her embarrassment, blames her blunder on the organization’s “antiquated operations.” David, frustrated that no one understands how much he values the nonprofit after being involved in so many ways, considers whether he might prefer mentoring for another organization.

**Scenario: Systems aren’t talking**

**Laura** has just been hired as the executive director of a regional crisis agency. The board, concerned that the organization is not effectively delivering on its mission and how the problem might affect future donations, asks her to focus on this key issue. Laura decides she needs better information about the agency as a whole and turns to the IT director for help. The IT director explains to Laura that the organization’s data is housed in four different databases — fundraising, accounting, program services and human resources. He estimates there are at least nine other spreadsheets being maintained with information about major donors, annual events, and state and federal grants. Although it may be possible to develop reports to address some — but not all — of Laura’s requests, the effort will consume valuable resources and deliver inadequate or inaccurate results.

Whether you run a nonprofit that is part of a large network or an independent operation with multiple divisions, you rely on a constant flow of information to manage the organization, remain competitive and grow.

Although most nonprofit leaders have developed ways to monitor performance using simple measures such as the number of people served and the amount of dollars raised, you need something more — a different view of the data being collected and maintained throughout your organization. Information that allows you to:

- ♦ See the relationships that lead to more donations
- ♦ Identify key factors that drive revenue generation and account for spending
- ♦ Measure the effectiveness of your services, from both a program and cost perspective
- ♦ Update donors on the results of your services
- ♦ Maintain budgetary control with more timely variance reporting
- ♦ Identify where a cross-functional view could improve key processes

In the for-profit world, leaders like you rely on “business intelligence”— the ability to quickly transform large amounts of data into key information that drives informed decision-making.

Business intelligence, says Microsoft Corp., gives a company “the ability to take a flood of data that every organization amasses every day and transform it into actionable information that drives success. The key is to enable your organization to deliver the right information to the right people at the right time, and provide them with the tools they need to analyze that information and act quickly on their conclusions.”

## Translating Business Intelligence into Nonprofit Intelligence

Nonprofit organizations face similar pressures as corporate America — produce results while being more accountable and efficient. But how do you find the time and resources to perform the analysis you need to meet these goals while managing day-to-day operations?

Most organizations — whether in the for-profit or nonprofit world — gather data from multiple applications, each designed to efficiently handle a specific set of transactions important to running a function of the organization (fundraising, accounting, programs). Managers get used to requesting a standard set of reports and stop asking hard questions that only a cross-operational view could answer. Because the valuable data they need resides in silos, it rarely becomes the shared knowledge nonprofit leaders need to get a common view of constituents and programs, a view that enables leaders to recognize the value of their programs, donors and volunteers.

Nonprofit leaders have questions that can only be answered by breaking down the walls between these data silos and combining information from many different areas. What they need is Nonprofit Intelligence — business intelligence adapted to the special needs of nonprofit organizations.

Nonprofit Intelligence ties together disparate operations, turning data into knowledge — and knowledge into informed decisions. It gives you a holistic view of the relationships between your organization and your constituents, which helps you better understand the lifetime value of their support. Nonprofit Intelligence adds new life to standard nonprofit measures by integrating data

sources to reveal Key Performance Indicators (KPIs) that measure whether your organization is functioning effectively.

Nonprofit Intelligence has four critical components, which can be used both on their own and in combination with each other:



**Mission Intelligence:** Nonprofit Intelligence transforms the day-to-day tasks of running programs and managing both staff and volunteers into Mission Intelligence — knowledge of how effectively you are deploying people and resources to meet your mission. By integrating these insights with key financial and fundraising data, you gain insights that help you outline a more defined vision that drives program growth and improves donor prospecting.

*The director of a regional recreation center knows she has mission intelligence when she declares, "The Charlotte branch has the highest youth services participation rate per capita and also the greatest member-to-donor ratio." The real benefit comes from learning what the Charlotte branch is doing right and sharing this intelligence across the region.*

**Fundraising Intelligence:** When you have a complete view of how constituents interact with your organization, you have Fundraising Intelligence, which helps you develop longer-lasting relationships and drive incremental donations.

*An executive at a national human service organization exceeds this year's fundraising goal by 50%. Fundraising Intelligence enabled his organization to customize each appeal to former donors thanking them for last year's gift and demonstrating the impact the donation had on a designated local community project.*

**Financial Intelligence:** Your daily transactions — planning budgets, investing funds, selling tickets, collecting dues, generating reports — produce reams of data that can be turned into Financial Intelligence for strategic analysis, improved forecasting and a deeper understanding of your cash-flow metrics that demonstrate better stewardship of the funds you rely on.

*The CFO at a crisis prevention center uses Financial Intelligence to calculate Net Present Value (NPV) into the expected pledge amounts for the next five years. He confidently states, "as long as we achieve above a 90% collection rate we can fund the proposed prevention program, which will make a significant difference in our community."*

**Marketing Intelligence:** Take your average direct marketing appeals and transform them into Marketing Intelligence, using best practices in segmentation to identify trends in giving and to improve response rates.

*Instead of outsourcing everything to a direct mail house, the marketing director from a large religious ministry decided to do the marketing segmentation herself. She used Marketing Intelligence to test three distinct segments — each receiving a unique message and ask amount. The segment with the highest return on investment (ROI) was rolled out nationally and resulted in the best campaign performance to date.*

Nonprofit Intelligence unites functional data silos into cross-organizational intelligence to help information users make smart decisions.

The decision to implement a Nonprofit Intelligence solution usually comes from one of two places:

1. **Top managers**, frustrated by their inability to draw useful knowledge from current systems, demand a holistic view of programs, finances and constituent activity. These managers want to:
  - ♦ View the constituent experience from an organization-wide perspective, not just from one department at a time.
  - ♦ Reduce the number of solicitation mistakes.
  - ♦ Better plan and predict the delivery of mission and development goals.
  - ♦ Improve accountability to the board, donors, and the community.
2. **Information professionals** want to reduce the highly inefficient, back-and-forth report-writing cycle between IT and the organization's managers. They have the best understanding of all the disparate data silos but want to offer an integrated and interactive reporting environment that is easy for information users at all levels of the organization to learn and to use.

Harnessing the power of Nonprofit Intelligence requires support from information users at all levels of the organization. A clear information strategy is also vital: Most organizations start by combining two or three of their data systems to improve insights on a specific set of performance issues. The key is to plan ahead, set realistic expectations, and communicate how the new shared-knowledge will change processes and improve the activities that support your mission.

## Six Steps to Bringing Nonprofit Intelligence to Your Organization

If you are interested in introducing your organization to Nonprofit Intelligence, here are six tips to help you get started.

- 1) **Identify your business needs.** Take a step back and determine what kind of decisions your organization needs to make to support your mission and goals. What reports do your staff struggle to provide? What questions are you getting from donors, funders, board members and the community? What opportunities are you missing because you can't get the data you need?
- 2) **Involve your peers.** A true Nonprofit Intelligence solution will integrate information from departments throughout your organization, meaning that you'll need the direct involvement and buy-in of your peers. Share your business issues with fellow managers and department heads — chances are they face similar challenges and frustrations. Once you identify critical needs across the organization, articulate a compelling strategic vision for the value and benefits of the solution.
- 3) **Build your case.** Organizational change must be led from the top, so you'll need to secure executive support. As with any new initiative, demonstrating a project's potential value — ideally in terms of return on investment (ROI) — will help generate interest and may be the key to getting the resources you need. Additionally, getting an executive sponsor on board will help drive the project and make sure your case is heard.

## about Blackbaud

Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations.

Approximately 16,000 organizations use one or more of Blackbaud products and consulting services for fundraising, financial management, Web site management, school administration, and ticketing. Blackbaud's solutions include The Raiser's Edge®, Team Approach®, The Financial Edge™, The Education Edge™, The Patron Edge®, Blackbaud® NetCommunity™, The Information Edge™, WealthPoint™, ProspectPoint™, and donorCentrics™, as well as a wide range of consulting, analytical, and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina and has operations in Cambridge, Massachusetts; Toronto, Ontario; Glasgow, Scotland; London, England; and Sydney, Australia.

For more information about Blackbaud solutions, contact a Blackbaud account representative.

In the United States and Canada, call toll-free 800.443.9441. In Europe, call +44 (0) 141 575 0000. Visit us on the Web at

[www.blackbaud.com](http://www.blackbaud.com).

## Blackbaud®

© March 2007, Blackbaud, Inc.

This white paper is for informational purposes only. Blackbaud makes no warranties, expressed or implied, in this summary. The information contained in this document represents the current view of Blackbaud, Inc., on the items discussed as of the date of this publication.

All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc. The names of actual companies and products mentioned herein may be the trademarks of their respective owners.

- 4) **Choose the right partner.** Identify a solution provider who understands your unique challenges and can provide both software and services that help you achieve your goals. If one of your databases is particularly vital to the solution — fundraising or accounting, for instance — look for a solution that allows you to easily access and leverage its data.
- 5) **Embrace all aspects of the solution.** Implementing an effective Nonprofit Intelligence system requires more than just the latest technology — well-trained end users and efficient business processes are critical components to success as well. Including end users in the design of the system and related processes ensures the system meets their needs, while training enables users to leverage the full value of your technology investment.
- 6) **Evaluate your progress.** Demonstrating the tangible results of an initiative is the key to funding future efforts. Carefully prioritize your project around critical objectives, focus your efforts and document successes to help build the case for future projects. Establishing quantifiable metrics early on helps measure success throughout the project and clearly identifies when goals are met. You may find tackling a small project with great potential returns a productive first step in building momentum and helping the team work together.

## Nonprofit Intelligence: Meaningful Insights and Shared Knowledge

The rewards of a well-planned implementation of Nonprofit Intelligence affect every function at every level of the organization.

- ◆ The new Mission, Fundraising, Marketing and Financial Intelligence measures keep staff motivated to achieve their performance goals and realize the importance of collecting accurate information.
- ◆ Managers benefit by having a comprehensive view of all constituents, allowing them to identify new program and development opportunities and to build stronger relationships with current supporters and customers.
- ◆ Executives rely on Key Performance Indicators to evaluate the overall health of the organization. This improved accountability gives them greater confidence in the reports they provide to trustees and the community about mission performance and the results achieved from funding.
- ◆ Information Technology professionals have a tool to integrate functional data silos and set up a centralized, interactive reporting environment — virtually eliminating the constant requests to update and modify the old static reports.

Equipped with Nonprofit Intelligence — a cross-functional view of programs, fundraising, finance and marketing — your organization can be infused with deeper insights and better deliver on its mission. Knowledge is indeed power — and Nonprofit Intelligence can help you uncover the knowledge you need to increase the impact you make in the communities you serve.