DATA STRATEGIES FOR NONPROFITS

Choosing the Right Technology at the Right Time

THE DATA MATURITY MODEL FOR NONPROFITS

501partners

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At **501Partners**, our mission is to create Salesforce® solutions that allow nonprofits to focus on their important work. Our adoptable, maintainable solutions help nonprofits embrace and leverage technology, guiding them to optimize their data and create better outcomes. Our diverse client portfolio includes organizations working to empower refugees, end hunger and homelessness, address education gaps, and more. We take a collaborative and client-centered approach during all of our engagements.

Questions? Contact us at hello@501partners.com.

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Making Good Technology Decisions

THE DATA MATURITY MODEL ALLOWS YOU TO:

1. Assess the current state of your data and technology

2. Understand your challenges and needs

3. Make crucial decisions about what to do next

You know that data is essential to your success. You need it to communicate with donors and volunteers, track participation numbers, and assess your impact. Data helps you achieve your mission—if you can make it work for you.

Why You Should Read This EBook

If you're like most nonprofit leaders, these struggles will sound familiar:

"I enter my data into our system one way and my coworker enters her data into our system in another way. We can't pull reports because our data is inconsistent."

"Collecting and documenting data can be time-consuming and frustrating, especially if good standards are not enforced. It increases the likelihood of staff burnout."

"Our data is collected in three different systems, which means we're entering data multiple times. It's such a waste of time!"

If this sounds like you, it's time for a change.

In this ebook, we will introduce you to the "data maturity model," a guide for helping you identify ways to:

• assess the current state of your data and technology,

• understand your challenges and needs, and

• make crucial decisions about what to do next.

We will walk you through the phases of data and technology usage most nonprofits experience, discuss how you might know which phase you are currently in, and explain how to make the technology choices that are best for your organization.

If your organization is already gathering and analyzing clean data and making strategic decisions with it, this ebook may not be for you.

Still have questions? Give us a call, and we'll be happy to help.

The technology used to support our work exists in a range of customization and flexibility. These tools fall into three broad categories:

- Easy-to-use productivity tools

- Purpose-built software

- Enterprise systems

Three Types of Technology Tools

1. Easy-to-use Productivity Tools

Easy-to-use *productivity* tools like Gmail and Outlook, Microsoft Office, and Google Docs are very individualized tools. While they allow some simple automations (like mail filters or formulas), you can't apply those automations organization-wide because any user can change the rules in their copy of the software.

Think of these tools as off-the-rack clothing you buy and wear with no modification.

PRODUCTIVITY TOOLS IN YOUR ORGANIZATION

- Easy, fast, broad-spectrum adoption

- Usually not much training required

- Not much staff time or oversight to set up or maintain—usually minimal ongoing costs for upkeep

- Not designed to enforce rules or provide reports

2. Purpose-built Tools

Purpose-built tools have a functional specialty. Examples of purpose-built software include:

- Quickbooks and Freshbooks for bookkeeping

- Raiser's Edge, Little Green Light, Neon, Salesforce's NPSP, and many others for fundraising

- Apricot, Client Track, ETO, 501CaseManager, and others for human services case management

These tools implement and enforce rules about the sequence of steps needed to get something done: how to conduct a fundraising campaign, how to record a program participant and the services provided to that participant, etc. They are used by many people in your organization and can enforce the same rules across all users, so

they are a type of *Business Process Management (BPM) system*.

Purpose-built tools enforce the logic (sequence of steps) for a business process as defined by the software vendor. This sequence of steps is often based on industry best practices.

These tools may offer some customization, but the customization will be limited to items that do not impact the fundamental business logic that the system implements. If the sequence of steps or core assumptions important to your process differ from the vendor's, you will be frustrated and forced to work around the poor fit between your processes and the software.

Think of these tools as off-the-rack clothing that you get hemmed or have minor alterations performed.

PURPOSE-BUILT TOOLS IN YOUR ORGANIZATION

- Designed to enforce business process rules (decided by the vendor) and produce reports

- Your costs and maintenance planning burden increase.

    » Staff time is required during setup, and setup usually has a cost

    » You will typically have an annual license cost

    » You will have to train staff, and be able to onboard new staff into the system

- You can often call an external help desk and ask them how to do something, because they defined that process and can walk you through. You may have to pay for this support, but it is accessible.

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3. Enterprise Systems

Enterprise systems like Salesforce and Microsoft Dynamics are highly customizable platforms with some initial, basic rules. Enterprise products allow you to customize key data attributes and also create and enforce *business process* rules that are unique to your organization.

Enterprise systems are not very useful until you add to them. They do very little "out of the box." You are expected to either purchase ***purpose-built software*** that extends the enterprise system, or create and implement rules and automations that match your business processes.

Purpose-built software is often built on top of enterprise platforms. For example, the Nonprofit Success Pack (NPSP) is Salesforce's nonprofit version of its CRM, offering flexible, open data architecture and pre-built constituent and donor management components. The 501CaseManager runs on top of the NPSP and allows for a high degree of process flexibility. Using purpose-built software on an enterprise system allows for almost unlimited growth and flexibility for organizations.

Think of these tools as the option to work with a master tailor and a bolt of cloth you choose or from some templates that the tailor fully customizes to your taste and style.

ENTERPRISE SYSTEMS IN YOUR ORGANIZATION

- Designed to enable creation of custom business process rules (decided by you) and produce reports

- Your costs and maintenance planning burden increase beyond a purpose-built solution

  » Staff time is required during setup, and setup usually has a high cost

  » You will typically have an annual license cost

  » You will have to train staff, and be able to onboard new staff into the system

  » You will have to have an internal expert or pay an external firm to adapt customized processes when your business process rules change

  » All key decision-makers from all functional areas impacted by the system will have to commit time to governance

- External, helpdesk-style support is not available. Your organization defined how processes are enforced in your system, so your organization has to be equipped to help itself answer questions.

Finding the Right Fit

Everybody wants technology that fits them perfectly—technology that helps them do their work faster and better while alleviating pain points. With all of the choices, technology decisions can be daunting. In producing this guide, we hope to make you feel confident and in control while choosing the technology and tools most appropriate for your organization.

Considerations When Choosing Technology

- Each type of technology tool has its own one-time project *setup costs*, maintenance, and support considerations.

- All types of technology tools require an ongoing investment of both time and money from the organization.

- Your current *organizational capacity*—that is, how you make and enforce decisions in your organization or program—has a direct impact on how well or how poorly a technology choice will help you achieve your goals.

- Your current organizational capacity directly influences your *data maturity*—that is, how much internal capacity you have available to deal with technology in support of your goals.

We will show you how to assess and recognize your data maturity so you can move from simply collecting reliable data to using your data in predictive and strategic ways for the betterment of your organization.

To do this, we will discuss both organizational maturity and data maturity as key factors to consider when making technology decisions. Understanding the data maturity model in particular will help you make good decisions about which technology changes can provide relief and which changes might be best to put off for a while.

Please note that when we reference specific tools, we are not endorsing those tools or recommending them for your organization. We are simply trying to help you understand this complex system by providing examples you may be familiar with.

Capability Maturity Model

Phase 1 - Initial

Phase 2 - Repeatable

Phase 3 - Defined

Phase 4 - Managed (Capable)

Phase 5 - Optimizing (Efficient)

The Capability Maturity Model (CMM)

There's a fairly well-known path that identifies an organization's operational maturity. There are many different takes on this model, but the phases—also referred to as 'stages'—follow the Capability Maturity Model (CMM) outline, developed in the late 1980s by researchers at Carnegie Mellon University. The model illustrates that all organizations begin with an early experimentation phase then continue to grow and mature toward stability and repeatable activities. In business, reaching Phase 3 or 4 means you're able to be more profitable. In the nonprofit world, it means you're able to have a bigger reach for your programs.

The diagram on the next page illustrates the Organizational Maturity Model with some key identifying features of each phase.

This model applies not only to your entire organization but also individual programs or departments. A new program might operate at Phase 1 while an established program at the same organization is firmly in Phase 3. If your entire organization is able to consistently enforce certain standards and guidelines across all programs, then you may be in Phase 3 even though you have particular programs in Phase 1.

Capability Maturity Model in Nonprofits

1. Initial	Processes are focused on an individual, ad-hoc and reactive. Staff turnover is often a significant blow to productivity and new staff have to largely re-invent how to do their jobs.
2. Repeatable	Some processes are repeatable and consistent. You largely rely on individuals and individual managers to monitor and oversee compliance with processes. Managers help ensure continuity during staff turnover.
3. Defined	Processes are documented, there may be a standard operating procedure for many processes. New managers are not re-inventing how to do their jobs; instead they are stepping into an established structure.
4. Managed	Processes are monitored and managed for compliance and consistency against the documented procedures developed in Phase 3. You have reports and other structures that allow you to monitor the basic health of a documented process, and take action when something is misaligned. The day-to-day work is well understood, known, and established.
5. Efficient	Management and leadership time is spent on optimizing and gaining efficiencies. Once processes are repeatable, documented, and managed, an organization can increase their reach or capacity by finding and addressing inefficient processes.

External forces like funding cycles and the rapidly changing needs in the populations they serve often keep nonprofits in Phases 1 and 2. Even organizations that have moved to Phase 3 typically have to bring on new programs and work to integrate those early-phase activities with the organization's established rules and procedures.

These phases reflect stages of organizational development, and just like growing up, you can't really skip a stage. Expecting all staff to consistently follow rules that aren't written down, or that your organization doesn't have any management in place to enforce, is an attempt to skip a stage or two. Getting those rules defined, written down, and setting up the structures to watch over them requires investments of time, energy, and money.

When you combine an understanding of your organizational maturity with the data maturity model that we explore in this ebook, you have valuable insight for making technology decisions with confidence. Knowing that you are able to invest in the management and *governance* required to support an enterprise tool, for example, can prepare you for success with these powerful tools.

For a more in-depth description of organizational maturity and its relationship to data maturity, the project lifecycle, and governance, please visit the 501Partners blog.

Read "Understanding What Operational Capacity Means For Your Salesforce Project" and more.

The Data Maturity Model

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AT EACH PHASE OF MATURITY, YOUR DATA COLLECTION EFFORTS ARE:

1. **Not Usable**
2. **Overwhelming**
3. **Just Right**
4. **Predictive/ Analytic**
5. **Strategic**

Data maturity refers to the readiness of your organization to collect, interpret, and manage data in a way that helps you achieve your goals. Understanding the Data Maturity Model in your organization gives you valuable insight for making technology decisions with confidence.

The Data Maturity Model for Nonprofits

Data maturity refers to the readiness of your organization to collect, interpret, and manage data in a way that helps you achieve your goals.

The body of work around the data maturity model is robust and extensive, and it is aligned with the operational maturity model. In this chapter, we introduce you to the different phases and some common characteristics of each phase in the nonprofit space. At each phase of maturity, your data collection efforts are:

1. Not Usable	Reliant on individual efforts and productivity tools
2. Overwhelming	Some systems in place, data collection outpaces the ability to ensure data integrity or use for reporting
3. Just Right	Processes for data systems are documented and managed, basic governance is in place
4. Predictive / Analytic	Data is sufficiently consistent, governed, and trusted to be used for rigorous analysis
5. Strategic	The organization uses data to inform program or site expansion or major changes

These phases correlate to your *organizational maturity*. The first phase is during startup and experimentation, when you're not sure what you need to collect or what questions to ask. As you begin to learn more about your data needs, your efforts can feel overwhelming as you try to capture everything before your processes are really solidified. Over time you'll tackle one inefficiency after another and reach a steady state where your activities and data capture are aligned. After you've achieved alignment, you can use your data in more predictive and strategic ways.

Data Maturity Phases

The chart on the next page provides a brief overview of how data, operations, governance, and leadership become more sophisticated in each phase. Use this chart as a quick reference to assess which phase your organization or program might be in. In the following pages, we will examine other data maturity phases in greater detail. For each phase, we'll cover:

- The **characteristics** typically associated with a nonprofit in this phase

- Common **challenges** nonprofits face in data management, technology, and processes during this phase

- **Tradeoffs**—there is a law of complexity and flexibility in technology that says the more flexible something is, the more complex it is. We'll discuss the complexity and flexibility of the options for each phase.

- **Tools** best suited for that particular data maturity phase

Carefully consider which phase best reflects your organization's level of data maturity and think about whether you are prepared for the challenges and tradeoffs of making a change. No matter what phase you are in, take pride in the progress you have made so far.

Data Maturity Model with Common Characteristics of Nonprofits in Each Phase

	Data Storage	Operations	Governance	Leadership
Phase 1: Not Usable	Paper Excel	Use paper, Excel as memory aids	Absent—data use is at individual discretion	Uninvolved in operations or data
Phase 2: Overwhelming	Database Paper Excel	Puts data in database as afterthought, uses paper and Excel for "real work"	Asks people to put data in database, unable to ensure compliance	Able to get basic reports, does not fully trust data
Phase 3: Just Right	Database	Puts data in database routinely and consistently, may still use paper and Excel for "real work"	Cross-functional team begins to document data definitions and rules	Supportive of governance to some extent, mandates database use
Phase 4: Predictive / Analytic	Database	Relies on database as operational support tool	Ensures continuity of use and data integrity, empowered and embedded	Engaged in governance, ensures program changes involve operations/IT
Phase 5: Strategic	Database	Relies on database as operational support tool	Ensures continuity of use and data integrity, empowered and embedded	Ensures strategy and operations are considered holistically, makes data-driven strategy decisions

1. Existing in a nearly constant state of change

2. Frequently starting or making fundamental changes to programs

3. Always putting out fires or in crisis mode

Phase 1: Unusable Data

CHALLENGES

1. **Data**: Most program and donation data is captured on paper or Excel/Google Docs.

2. **Technology use is purely reactionary**: email and Microsoft Office/Google Docs dominate, you have accounting software out of necessity, and you may even struggle to get good financial reports.

3. **Process**: You rely heavily on data that resides exclusively in someone's head.

4. **Reflection**: You cannot easily assess your information; simple questions are hard to answer. Grant reports and annual reports take a lot of time.

TRADEOFFS

The tools you use in Phase 1 are a reflection of the change and decision volatility your programs experience, and the consequent reliance on individual efforts to make things work. When you're in Phase 1, you likely have ad-hoc tools, which present the following tradeoffs:

Data and Technology

- These solutions have minimal *input cost* in terms of cash or time spent capturing data. With a low volume of data, it's easy to find the right place to update.

- These solutions have an exceptionally high *output cost* in terms of time (though rarely in terms of cash). Providing any type of meaningful data to someone else will require a lot of re-reading to make sense of your data.

- *Change costs* are almost non-existent—the way you capture the information can easily be changed when the situation changes.

- The *complexity and flexibility* of these solutions are very low. While it can seem like a user can do a lot with the Google Suite,

for example, users are limited by the existing functionality of these tools. They can't be programmed to support an organization's unique business practices. Users can, however, change how they input information into these tools to a certain extent (e.g., notes can be entered into a Google doc or written in a notebook in a different way).

Process

- There is practically no **setup cost** because there's nothing to set up.

- These solutions have no ability to enforce any rules because that isn't what they do, so consistency relies entirely on human effort and human brains.

Reflection

- It may seem counterintuitive, but the human brain is one of the best pattern-makers in the world. Having to engage on purpose with your data and processes keeps you aware of and constantly evaluating them.

- All reports must be manually created. This can make it difficult to share insight with others.

Tools Best Suited to Phase 1

In Phase 1, your data isn't really usable, but that's because you haven't figured out yet exactly what data you need and exactly how you want to use it. Stick with simple tools that are inexpensive and widely understood, and understand that there's a good reason it will take you awhile to create reports.

- Paper

- Digital document and spreadsheet creation tools

- Email

- Cloud-based tools with no or low cost (e.g. Google Suite)

Phase 1 Takeaway

Phase 1 is characterized by individual action and knowledge. You are experimenting. You may be trying to enforce rules, but those rules probably change frequently based on new information and staff turnaround.

It is appropriate to use individualized *productivity tools* and simple, clear, purpose-built tools (like Quickbooks) at this stage. You gain a lot of insight into your own processes by getting your hands on the data in the ways required when working from Excel or Google Sheets.

Some organizations find benefit in selecting a *purpose-built solution* for key activities at this stage. For example, if volunteer management is a huge part of your day-to-day work and can't be managed well in Excel—but you're still figuring out exactly what you want to do with all the data you collect—you might benefit from choosing either a solution for volunteer management that stands on its own (like Volgistics) or one that fits into a bigger *enterprise system*, like Volunteers for Salesforce.

You will benefit most from these choices by approaching them as opportunities to teach you how to think about data management for this operational need rather than trying to customize them.

In Phase 1, your data isn't really usable, but that's because you haven't figured out yet exactly what data you need and exactly how you want to use it.

Stick with simple tools that are inexpensive and widely understood, and understand that there's a good reason it will take you a while to create reports.

1. Rate of change is slowing

2. Core or central processes (finance, fundraising) are beginning to standardize

3. Beginning to have repeatable activity in programs even with staff turnover

Phase 2: Overwhelming Data

CHALLENGES

1. Data: Most (but not all) program and donation data is captured but typically exists in silos.

2. Technology use is input-focused: data entry is structured but data output is difficult or overwhelming.

3. Process: Most data is being captured somewhere; some employees enter data in their own systems and retype it into the structured system later.

4. Reflection: Some core reports are available. It's difficult to create comprehensive reports that respond to shifts in funder expectations or answer questions beyond the basics.

TRADEOFFS

The tools you use in Phase 2 show the struggle to document and capture repeatable activity. When you're in Phase 2, you have probably begun to purchase software that will present the following tradeoffs:

Data and Technology

- These solutions have a slightly higher *input cost* in terms of cash or data capture time; shadow systems often proliferate even when a system is chosen, causing duplicate data entry.

- *Output cost* is minimized as long as the information you need is supported by the system you've chosen. Many organizations purchase a purpose-built ("out-of-the-box") solution in Phase 2 to solve reporting pain.

- Purchased solutions have a non-trivial *change cost*. Dropping one system for another now requires data migration, which can be costly in both time and money.

- Your *complexity and flexibility* are low. Many systems are not fully adaptable to your unique processes; however, the systems are also generally pretty easy to learn.

Process

- Purchased solutions have some *setup costs* in terms of cash and decision-making time because they may not fully support your existing processes. On the other hand, they may offer new opportunities.

- Purpose-built ("out-of-the-box") systems typically include processes based on best practices as defined by the manufacturer; therefore, there is little room for customization. Getting good, reliable data from the system will be dependent not only on the system you choose but also good staff training.

Reflection

- During setup, the increased scrutiny you put on your processes to adapt them to the new systems means you are actively evaluating them. Over time, however, the pre-built reports of purpose-built systems can reduce active, ongoing engagement with data.

- The newfound ease of reporting on certain aspects of the organization means it becomes much easier to share frequent updates on key data elements with others.

- Because systems typically don't interact with one another in Phase 2, you will likely find it is still a manual process to synthesize information from across multiple programs or connect the activities from one department (e.g., program) to another (e.g., funding or accounting).

Tools Best Suited to Phase 2

- Stand-alone purpose-built databases that keep a specific type of data (e.g., fundraising databases, program databases, Quickbooks for bookkeeping)

- *Purpose-built software* that is built on top of an enterprise system such as Salesforce

- Shared Google Docs or web-based forms to have program staff place data into a single, shared document instead double-entering data

Phase 2 Takeaway

Phase 2 is characterized by understanding and documenting what individuals have been doing so you can operate consistently and effectively.

It is appropriate to still be using individualized productivity tools in this phase, but you will begin to see where you can gain some efficiency by having more structured, database-backed tools. This is when most organizations begin to face choices between *purpose-built* and *enterprise* tools. Both are fine to choose in this phase, but you need to understand that you will use them, and implement them, quite differently in Phase 2 than later phases.

Your best option is to find stand-alone, purpose-built software (or purpose-built software that is built on top of enterprise platforms like Salesforce) that very clearly match your needs. You don't want to hire someone to fully customize or build something for you from scratch yet, because you don't yet have the organizational systems in place to ensure consistent compliance from your staff. Custom-built software necessitates that an organization's managers monitor system use and enforce consistency because deviating from the business practices built into the system will produce bad data or errors. For this reason, it is far better to adopt a solution that already has very clear rules—even if they're not a perfect fit for your organization. This will help your organization learn to work with a system that enforces consistent business and data entry practices.

You don't want to hire someone to fully customize or build something for you from scratch yet, because you don't yet have the organizational systems in place to ensure consistent compliance from your staff.

When solutions are custom-built for you, many interrelated decisions are made based on your unique business processes. In Phases 1 and 2 these processes are still changing. Future adjustments to a system customized too early will often be very expensive.

Enterprise or Purpose-Built at Phase One or Two?

If you do choose purpose-built or enterprise software at one of these phases, make the choice knowing that you will want future changes and customizations that can't really be predicted right now. If you plan and budget accordingly, these tools can still provide considerable benefit even in the early phases of your organization.

We strongly recommend against creating solutions that are extensively customized for your organization in these early phases, because you will likely have to undo those decisions later. When solutions are custom-built for you, many interrelated decisions are made based on your unique business processes. In Phases 1 and 2 these processes are still changing. Future adjustments to a system customized too early will often be very expensive. Waiting until later lets you target your customizations and avoid rebuilding them.

If you choose enterprise solutions such as Salesforce in your early phases, you should choose a system that has purpose-built software available to install on top of the enterprise system. The NPSP from Salesforce provides a lot of out-of-the-box functionality for fundraising and other common nonprofit activities, and it comes with a global support network of other users and consultants. 501CaseManager and RollCall are examples of solutions built on top of Salesforce that can be used with minimal customization and offer support. This strategy allows you to select a system that will grow with you as you move into Phase 3 and beyond.

Phase 3: Just Right

CHALLENGES

1. **Data:** Capture and reporting are structured and well understood. This may make it difficult to adapt to change.

2. **Technology use is output-focused**—that is, reports are easily built and run. This requires more staff and higher maintenance costs.

3. **Process:** You have made decisions and codified them, so sudden changes from funders or your service population can be stressful to accommodate.

4. **Reflection:** You have begun to trust your data. You may find it difficult to act on an insight that comes from your reports.

TRADEOFFS

The tools you use in Phase 3 reflect your operational maturity. You have stopped making a lot of changes and can look at your technology as more tightly tied to your day-to-day work. When you're in Phase 3, the way you use technology will present the following tradeoffs:

Data and Technology

- Your *input* and *output* costs are likely similar to Phase 2; most organizations grow into Phase 3 with either the systems that they used in Phase 2 or by replacing those systems with better-fitting (but similar) systems.

- These solutions have a very high *change cost*. You've invested time and money implementing and adopting the system, and you've codified your business rules based on that system. Changing systems now would likely require a pretty large change initiative that involves not only technology but also process design and change management.

- Your *complexity and flexibility* are possibly quite high. In Phase 2 you learned what works for you; by Phase 3 you've codified

that learning into systems that are tailored, at least to some degree, just for you. This means your systems have enough flexibility to adapt to you and have therefore introduced more complexity to manage.

Process

- Most solutions in Phase 3 have a high *setup cost* because there will be configuration settings that allow the software to adapt to you. These setup costs also include the time spent analyzing, making decisions about, and documenting your processes in relation to the system.

- Your *data integrity* is sufficient to manage your organization. You can consistently ask questions and get realistic, widely understood answers. This requires a higher degree of management than prior phases.

Reflection

- During setup, your processes were under increased scrutiny so they could be mapped onto the data system. Over time, processes change slightly but the system does not, which can result in reports becoming less trusted unless this dynamic is well-governed.

- Synthesizing information from across multiple programs and connecting the activities from one department to another becomes possible because the rules for each system are well understood and documented. Integration of these systems requires a higher degree of ongoing technical management than prior phases.

- The majority of reporting work is retroactive and management and funder-focused: *How did we do last quarter? What was our year-on-year service growth? How did our programs perform against their Key Performance Indicators (KPIs)?* Data must have a high degree of integrity over time for these reports to be useful, requiring more oversight and management than prior phases.

Tools Best Suited to Phase 3

- Cross-functional, or heavily-integrated, tools. If you were using Salesforce, Microsoft Dynamics, or a homegrown database in Phase 2, you can now use it across all of your programs and departments.

- *Governance* becomes very important. Changes in business processes will change data, which will potentially impact reports. Changes in technology will impact well-understood and documented business practices. All of this must be carefully considered and implemented with good change management.

Phase 3 Takeaway

In this phase, your processes are much more focused on sustaining activities across your entire organization. You've documented most processes and have ways of ensuring that staff are complying with those rules.

Enterprise systems like Salesforce and Microsoft Dynamics become more appealing, because they offer efficiencies you're ready to take advantage of. In earlier phases, having functional data kept in *silos* (accounting, fundraising, program, volunteers) may have been a good fit, because you couldn't make and enforce rules across all of those silos anyway. Now that you can, you are able to implement more sophisticated solutions that can open the doors to faster and more robust reporting by eliminating the need to manually combine siloed data.

If you chose a purpose-built solution in Phase 1 or 2, you can very clearly articulate where it does and does not fit your defined processes, and you can determine if you should move to another solution or begin having a more flexible solution customized for you. Many organizations move from purpose-built solutions to enterprise systems at this phase because they can make that investment more strategically.

If you chose an enterprise system in Phase 1 or 2, you are ready to revisit how you're using that system so you can think more cross-organizationally. In the past, you probably sought out local optimizations — making things better for a single program or

department — because you weren't ready to fully integrate your data practices for your whole organization. Now you're ready to do that, so you can think about global optimizations: *how does your entire organization improve and benefit from having this data in one centralized place?*

If you chose a purpose-built solution in Phase 1 or 2, you can very clearly articulate where it does and does not fit your defined processes, and you can determine if you should move to another solution or begin having a more flexible solution customized for you.

Organizational Readiness for an Enterprise System like Salesforce

When you move into an enterprise system such as Salesforce, you need to be ready for the ongoing maintenance and governance costs of such a system. In purpose-built solutions, you can call up an external help desk and ask them how to do something, because they defined that process and can walk you through it. In an enterprise system, you defined that process, so your organization has to be equipped to help itself answer that question over time.

Not having the internal controls to document, manage, and oversee ongoing changes to their system is where we find the biggest pain points for organizations that adopt and try to customize Salesforce too early. Phase 1 and 2 nonprofits can benefit from Salesforce by using the NPSP and apps such as 501CaseManager, RollCall, and other purpose-built solutions, because these solutions have some access to outside support. They should avoid customizing these solutions too much because they are not yet equipped to maintain those customizations over time.

Once organizations are poised to use the power of Salesforce to heavily customize rules and processes, however, an outside consultant should be considered. A consultant who specializes in Salesforce can help evaluate your business processes and suggest ways to improve data quality and efficiency. Even if the consultant creates and documents automations for you, your organization must maintain the data and enforce good business processes over time—which will require tasking staff with data management and governance. For this reason, we recommend waiting until Phase 3 to fully customize your Salesforce or other enterprise solution.

If your organization is already to this point and is ready to do more with your data, then you may already be ready for (or in) Phase 4 or 5.

Phases 4 & 5: Your Data Works for You

As we mentioned in our introduction, if you are in Phase 4 or 5 of organizational and data maturity, this guide may not be for you.

While we certainly work with organizations in Phase 4 or 5, our goal with this ebook is to help younger nonprofits make good technology decisions that will set them up for future success.

However, we feel it is important to give you a brief overview of these final phases so you know what your organization can eventually become capable of.

Phase 4

Nonprofit organizations in Phase 4 are capable of measuring program performance and running predictive analyses to identify program success factors (in some sectors, this is called "continuous program evaluation.") Your data is relatively consistent and clean, and you are actively monitoring and making adjustments to data capture or reporting to better align your end-to-end processes with your organization's goals. You not only ask questions from your data but also explore questions that are generated by the patterns you see in your data.

In short, your continual analysis and adaptation allow you to make the changes necessary to fully support your staff in their program goals and to see opportunities for innovation. Your board and executive team may decide to act on these insights by stopping or starting new programs, seeking strategic partnerships, or making other significant changes.

Phase 5

In Phase 5, your data, technology, and process challenges are very similar to Phase 4. However, at this stage, you are also actively monitoring your most important information in the context of your organization's goals and have been performing some analytics and predictive analysis on your data. You spot unmet needs in your population that you think your organization might be able to address, or you spot unexpected patterns that drive you to consider new collaborations. These new, bigger questions are strategic in scope and may add new pressures to your existing data analysis when the organization's leadership tries to decide its next move in light of the unexpected patterns.

Your organization at Phase 5 has a desire—and most likely the capability—to use all of that solid, clean, incredibly well understood data to do something new.

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1) Choose a solution that fits where your organization is now or will be in the near future.

2) Understand your organizational and data maturity to ensure your technology can help you grow and thrive.

Choose Your Technology With Confidence

Hopefully this overview of data and organizational maturity will help you carefully reflect on your operational readiness for technology changes and guide you to choose the technology and tools most appropriate for your organization.

In Phase 1, we recommended easy-to-use productivity tools, like Excel and Quickbooks, because doing so allows you to acquire insights into your processes. We also suggested that in some cases, purpose-built systems for key activities could be beneficial at this stage. This stage is all about getting to know your data and processes.

In Phase 2, we recommended slowly beginning to make the transition from easy-to-use productivity tools to purpose-built systems. You likely aren't quite ready for extensive customizations, but you are learning more about your data and beginning to document your processes.

In Phase 3, we recommended enterprise solutions as a way to begin to integrate your data as well as create consistent data processes and reporting across your organization. You are likely ready for customizations that reflect your unique processes and will be beneficial for sustaining your activities.

And, of course, if you're in Phase 4 or Phase 5, you're at a point where

you're already making your data work for you in predictive, analytic, and maybe even innovative ways.

Remember: wherever you are with your data systems, you're not alone! There are thousands of other nonprofits in your shoes, all trying to find the right fit. With tight budgets and pressure to get the "right solution" while adhering to funding cycles, we know it can be really difficult to make a choice.

SO, WE LEAVE YOU WITH OUR TWO MAIN TAKEAWAYS:

1. Choose a solution that fits where your organization is now or will be in the near future.

2. Understand your organizational and data maturity to ensure your technology can help you grow and thrive.

All of us at 501Partners are committed to helping nonprofits make the best possible use of technology so that they can focus on their missions.

If you have any questions on this ebook, reach out and say "hello" by emailing hello@501partners.com.

Learning about operational and data maturity can feel like learning a new language. This section contains definitions to some of the terms more likely to be unfamiliar to you.

Glossary

BUSINESS PROCESS—The way an organization gets its work done. A business process is any defined method for executing on something within an organization. An example of a common nonprofit business processes is donations management. The goals of this business process are to ensure accurate donation management from a fiscal and donor management standpoint, loss prevention, and enabling monitoring and reporting. The specific staff roles, activities, and sequence of steps that achieve this goal are the business process for the organization.

BUSINESS PROCESS MANAGEMENT SYSTEM (BPM)—Technology that automates or enforces business process rules. Any purpose-built system is a BPM system; any enterprise system has the tools to create highly customized BPM systems.

CAPABILITY MATURITY—An organization's internal capacity to structure, oversee, and manage processes in a repeatable way. Also known as Organizational Maturity.

CHANGE COST—The cost (in cash and time) of re-evaluating your processes to conform to a new technology system, particularly when you are replacing an existing system.

CRM—This often-used acronym stands for "constituent (or customer) relationship management" system and refers to software that manages client or customer interactions and the associated data. Some software is sold explicitly as a CRM, other software is commonly used as an "ad-hoc" CRM when organizations are just getting started (such as Outlook, Google,

and Quickbooks).

DATA INTEGRITY—The ways in which your organization maintains the consistency and quality of the data you collect to ensure the accuracy of reporting.

DATA MATURITY—An organization's internal capacity to collect, interpret, and manage data in a way that helps achieve its goals. The Data Maturity Model may show different phases or stages, but always indicates a maturation process or a developmental process that assumes healthy organizations should evolve from limited internal capacity for data use toward more, and more effective, internal capacity.

DATA SILO—A technology or data system that exists to capture and support only one type of data, usually for a specific function such as accounting or events management. A siloed system supports a single business process and does not easily or natively integrate with other systems.

ENTERPRISE SYSTEM—Software that can support multiple departments, programs and functions in a connected, interrelated way. Salesforce is an example of an Enterprise system with extensive BPM customization tools.

GOVERNANCE—For technology systems that support a business process, it is important to have a mechanism to ensure that any business practice changes are correctly reflected in the technology, and any technology changes are correctly assessed for business practice impact. Governance is the word we use for that mechanism, and it typically involves standing meetings between business process and technology owners.

INPUT COST—The cost (in time) of entering data in a system. Systems that are hard to use have a high input cost; organizations with multiple systems, requiring double data entry across systems, have high input costs. Systems that are easy to use have a low input cost.

LAW OF COMPLEXITY AND FLEXIBILITY—The idea that the more flexible a technology system is, the more complex it is. This is because most technology systems are carefully designed to do very specific things, and a change to one thing may have cascading effects. Programming for true flexibility of business process is difficult and typically requires a complex system that has a high maintenance burden. Simpler tools are less flexible.

Operational Support Tool / Operational Support System—A technology system that is designed specifically to support the end users who are the primary data producers. Line staff often have to access a lot of data in a particular sequence or context to get their jobs done, and an operational support tool ensures this access is easy and in conformance with the organization's business process rules.

Organizational Maturity—An organization's internal capacity to structure, oversee, and manage processes in a repeatable way. Also known as Capability Maturity.

Output Cost—The cost (usually in time, sometimes in cash) of extracting data from a system in a usable way. When reports are difficult and time-consuming to construct, or require experts, the system has a high output cost.

Productivity Tool—Software that you might have at home or the office, that is general-purpose. Calendars, document editing, and email tools are examples of consumer productivity tools.

Purpose-Built System—A technology (usually a database) built to support a single business process. Any system that supports only one function, unit, or department and is sold by a company as being designed to support that function specifically is a purpose-built system. Examples include accounting software, volunteer management software, and fundraising software.

Setup Cost—The cost (in cash and time) of adopting and implementing a system to manage data. All systems, no matter how simple, have some kind of setup cost, even if it is just sitting down for an hour to figure out how you want to set up a spreadsheet. More complex systems have higher setup costs.

Shadow Systems—Ad-hoc personal systems staff members create to keep track of information for themselves in addition to entering it into office-wide systems. Examples of shadow systems are the spreadsheets that an individual creates because the official system doesn't fully support their daily tasks. Shadow systems are individual, personal operational support tools.