



CRM systems for charities: forecasting 2020 trends

2019 SURVEY

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Introduction

Even the smallest charity can be at the centre of a surprisingly complex web of relationships: from donors and funders to service users and volunteers. While in the commercial world CRM stands for Customer Relationship Management and focuses on customer retention and sales growth, in the charity sector this becomes Constituent Relationship Management and its remit becomes much broader.

Charities use CRM software to manage and track almost everything that can be tracked or reported on, both quickly and easily. This includes everything from fundraising campaigns to finances, volunteers, and service programmes - giving charities a complete 360-degree view on their organisation and everyone associated with it. Used correctly, these systems can take the hard work out of managing these relationships - effectively working as a one-stop-shop to optimise all the interactions that take place in a non-profit organisation.

CRM systems are rarely a 'one-size-fits-all' solution: there are many options available, from out of the box solutions to those highly-customisable alternatives that can be tailored to an operation's specific needs. They can work in conjunction with an existing donor database or serve as the singular hub for both storing and managing donor data, alongside many other area of a charity's operations.

Most are cloud-based, which gives charities the opportunity to securely and cost-effectively grow without being concerned about the need to also grow server space.

2019 survey: What can charities learn in 2020?

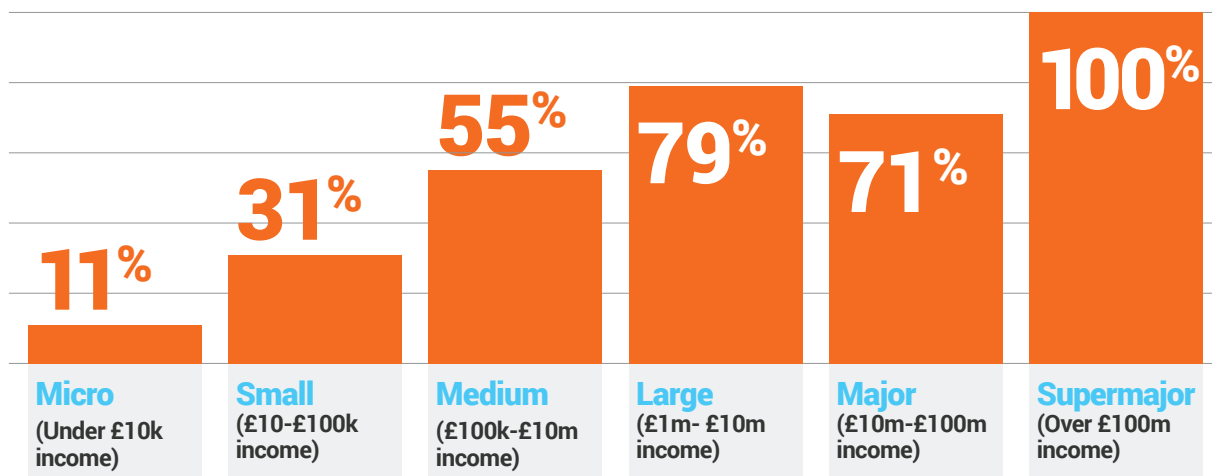
Our previous survey of the Charity Digital Exchange database suggested that a lot of charities may not be aware of how much they can achieve with a CRM system, or the wide variety of options available to them, with only 26% saying they had ever used CRM software.

We decided that it was worth taking a deeper dive into the sector's use of CRM systems, in order to build a more complete picture of how charities are making use of this technology and to identify the gaps in their knowledge. So we surveyed 285 charities small and large, over the course of two weeks in 2019 – this eBook shows our findings, as we set benchmarks and examine key CRM trends for the sector in 2020.

From this, we offer guidance to charities and get them thinking realistically about whether or not a CRM system is for them, and, if so, how to get the most value from their investment in 2020.

There are still plenty of charities without a CRM system

Percentage of charities that use CRM software



It's no surprise that all of the 'supermajor' charities we surveyed (over £100m annual income) use a CRM system. The complex processes and large amounts of data gathered and used by larger organisations make it essential to have a single, unified system in place .

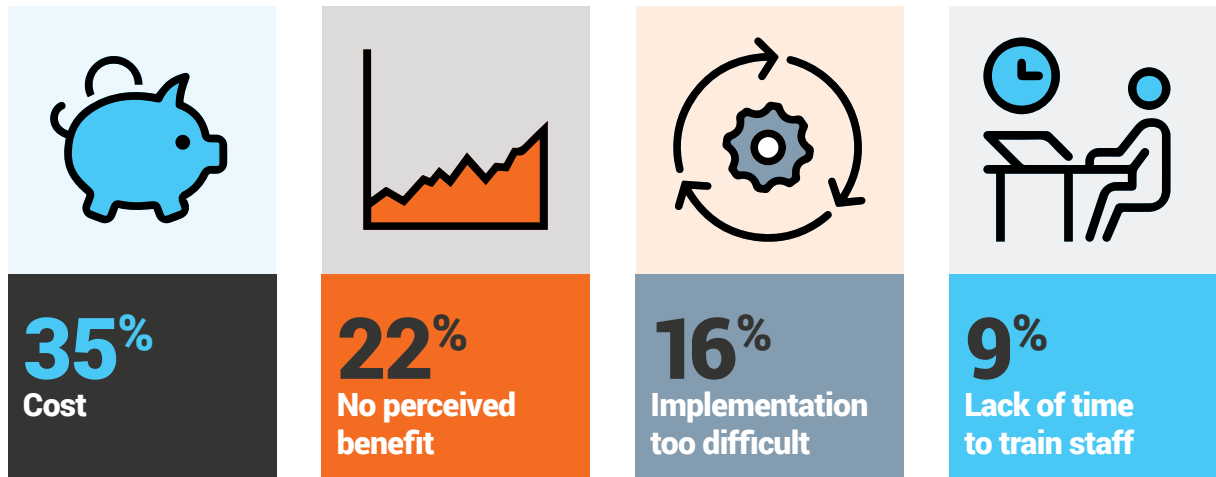
It is perhaps more surprising that this number drops considerably when it comes to medium-sized charities. As we'll see in the next section, this could be for several reasons - medium-sized charities are often citing 'cost' as a barrier for them, and we speculate that this may be because they often no longer qualify for the free licenses available to non-profit organisations with a smaller number of users.

This is perhaps ironic considering that one of the biggest benefits of a CRM system is the ability to grow efficiently while more easily identifying opportunities to improve through better data insight. As organisations grow, they require a more sophisticated understanding of the data they use to reach their goals. It doesn't have to constitute a significant outlay – many major CRM vendors have heavily discounted pricing plans for non-profits.

Only a third of small charities have CRM software. This drops to just 11% of microcharities, who arguably might be better off using a volunteer, donor management or other similarly specialised, narrow-use system.

Many charities are still unaware of the benefits of using a CRM system

Why is your charity not using a CRM system?



The most-cited reason for not using CRM software is budgetary concerns. The cost argument is clearly a strong reason for resistance among charities as a whole, with medium-sized charities feeling the pinch most keenly (as explained in the previous section).

Beyond upfront cost, there is also perceived difficulty with implementation and concern about the time it may take to train staff to use a new system. Charities may be uncertain regarding the process of migrating data – a legitimate concern for time-strapped organisations who are focused on delivering their missions.

Interestingly, while the overall perception of the benefits of a CRM system is low among those without one, only 12% of medium and larger charities cite a lack of benefit a concern compared to 25% of small and micro organisations.

From this, it's clear that most medium and larger charities without a CRM in place know that they could be benefiting, but taking the plunge in terms of cost and effort is often what's holding them back.

Overcoming this aversion will be one of the biggest challenges facing charity CRM implementation in 2020.

Help at hand

While charities' cost concerns are expected, there are charity-specific discounts available from many of the major CRM providers.

Ultimately, once charities have a clear idea of what they want to achieve, and have spent time setting out the business case for a CRM and putting together a comprehensive list of requirements, it's easier to see whether or not the system they're looking at is going to deliver a return on investment (ROI).

We can see from our 2019 survey that many charities have not taken the time to conduct a cost-benefit analysis and research the market. But it stands as a powerful testimonial that 82% of charities with a CRM system say it saves them time and increases their income. As demonstrated in the previous section, a lack of awareness and information was a driving factor behind charities' reluctance to begin implementing a CRM system - a factor which we believe will continue to decline in 2020 as information becomes more easy to access.

With such a high percentage of charities already using the technology reporting gains in terms of both time and revenue, we forecast that increasing awareness will mean that concerns about price and difficulty, as well as a belief that CRM systems are not necessary, will become a still more prevalent reason why small and microcharities will not implement CRM systems.

We recommend charities speak with their peers who have embarked upon this journey, to gain an understanding of the benefits they have seen. This might take the form of going to networking events or reading vendor testimonials online.

For those charities daunted by perceived difficulty with implementation or training, it's important that they engage the services of an experienced vendor partner who has successfully implemented CRM for similar types of charity.

Many CRM platforms also come with online training libraries and access to user communities that help support organisations with implementation and becoming confidence in their use of the platform.

Some charities are unaware of what a CRM system can do

What do you think a CRM system is for?



As we saw in the last section, 22% (or one in five) of charities without a CRM system see no perceived benefit in using one. It could be that some charities are simply unaware of the features of a CRM system and what it can do, as well as the extensive examples of CRM implementation in the non-profit sector.

While the large majority of charities are aware of CRM software and have a general idea of its basic functions (with only a small number citing a complete lack of knowledge) only 8% know about some of its further functions around business intelligence and reporting.

We predict that increasing awareness about the benefits and functionality of CRM systems will see this figure rise, as more charities become aware of the wider benefits offered by such systems.

The benefits seen by these charities as a result of these broader CRM enterprises will in turn affect how many charities adopt these practices over the next few years.

A charity “Swiss army knife”

A CRM system can be a surprisingly versatile piece of kit, beyond just managing supporter, donor and beneficiary data. Many come with a range of industry-specific capabilities to help charities retain existing donors, engage new ones and evaluate their resources and services.

Many CRM systems are designed as a ‘one-stop-shop’ to manage all an organisations’ processes in one place - the power lies in interconnecting all these different data sources to intelligently improve the way they operate and drive better decisions.

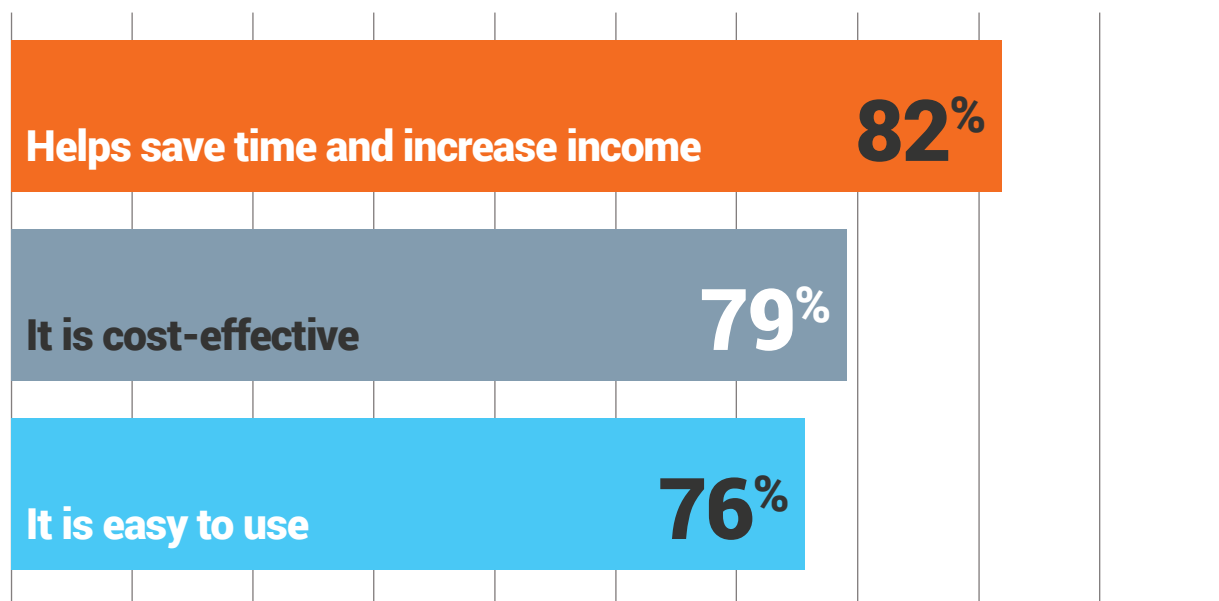
A CRM system can grow and scale with an organisation should have the capability to integrate widely with multiple third-party solutions and data sources.

Some of the things that charities use CRM systems for include:

- » **Streamlining and reporting on programme activities**
- » **Managing and optimising online fundraising efforts, accepting payments and donations, and integrating peer-to-peer fundraising**
- » **Managing events, including registration and ticketing, logistics, social sharing and feedback**
- » **Managing marketing communications, social media and even direct mail workflows**
- » **Carrying out surveys and other feedback**

Those with a CRM system in place see huge benefits, but are often not getting their money's worth

What are the biggest benefits of your CRM system?



What do you use your CRM system for?



Of the charities we surveyed who are using a CRM system, the vast majority say that it helps save them time and increase income - this rises to 88% for medium to super-major charities.

However, what's surprising is that most charities with CRM systems have unexplored functionality that could result in creating a connected charity that drives greater impact overall. The largest segment only use their CRM system for basic data storage, and the numbers don't change much among medium and large charities, with 39% still using their CRM solely for its most basic features like data storage and management.

Even fewer charities are exploring its capabilities to enhance their fundraising efforts – possibly one of the most useful applications of a CRM system for charities. A CRM system can help grow many of the revenue streams that charities rely on: whether major gifts, grants, sponsorships, or earned income, and seamlessly extend to digital apps.

One of the questions facing the sector in 2020 is why charities are missing out. Is it simply due to a lack of awareness that they can do more? Or is it a concern about the time and effort needed to train staff, as touched on earlier on in this eBook?

Either way, they are certainly missing an opportunity - it's interesting that, among those medium and larger charities only utilising their CRM system for basic data storage, 63% agree it helps them save time and increase income.

A world of potential

The correlation is simple - those who are doing the most with their CRM system are seeing the most benefit. And for those with a CRM system already in place, there is clear scope to learn more and get the most from the tools they have. All of this suggests that, for growing charities, the potential upfront cost and the effort of migrating data and mapping processes into a new CRM system is worth it for increasing profit and driving charities' missions.

But for a CRM system to be an investment worth making, charities need to make use of learning resources from vendors and charity peers and explore the full potential of the technology for all aspects of their organisation.

About Charity Digital

Charity Digital (registered charity number 1133179) was established in 2001 to help other charities accelerate their missions using digital technology.

We operate a series of websites, including a content platform, the UK's only technology donation programme, a directory of technology providers, an email marketing platform, a jobs portal, and a charity payments service. Since 2001, we've helped over 36,000 charities save almost £250M, and provided over £300M in income through our payment processing and fundraising services.

This eBook was produced by Charity Digital in partnership with Salesforce.org.

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