*Mags Rivett*

# Do I need a CRM or a donor database?
## Why they are different, and why it matters to you

*Surely, this is an argument in semantics? Donor database and CRM are interchangeable terms – aren't they? Well, no, we don't think so – and to confuse the two can put your organisation's future success at risk. What's more, we think there's more to this topic than the thought that 'a donor database is for a charity and a CRM is for a business'. That doesn't do the topic justice either.*

### Definitions of CRM
Sooner or later the question will pop up – what is CRM anyway? Ask Google, and you'll get a plethora of articles talking about specific products and a confusion of academic study.

CRM is a long established term for relationship management. The 'C' can mean what you want it to – customer, client, constituent, community, or if you work in partnerships fundraising even 'companies' you're working with for sponsorship and support.

Definitions vary, but typically range around three areas:

- **Academic** - Gummeson described CRM as *'the values and strategies of relationship marketing with particular emphasis on customer relationships – turned into practical application'* (Gummeson)

- **Broad technology theory –** '*Customer relationship management (CRM) is a system for managing a company's interactions with current and future customers. It often involves using technology to organize, automate and synchronize sales, marketing, customer service, and technical support*' (Shaw)

- **System providers –** '*Customer Relationship Management (CRM) is a strategy for managing all your company's relationships and interactions with your customers and potential customers. It helps you improve your profitability'* [Salesforce]

Today, CRM has assumed two meanings. It is both:
- **the approach** of successfully managing customer and organisational relationships (be that for business, fundraising or service delivery),
- **the tool** which we use to manage the relationships

We think of it as being the 360$^o$ view of our customers and the work of the organisation.

**Definition of a donor database**

A donor database can be anything from an Excel spreadsheet or Access database through to a tool available on the open market or even built especially for you. The definition of a database is usually much more limited than that for *CRM*:

> '*A database is a collection of information that is organized so that it can easily be accessed, managed, and updated*.' (Google Dictionary)

It's harder to define an 'approach' – both CRM and database are built around storing data so it can be retrieved.

**So, what's the difference?**

In essence, the main difference between a *donor database* and a *CRM* system is that the former reflects an old-fashioned, outdated way of engaging with your supporters, and the latter reflects more modern techniques – and more truly reflects the needs and aspirations of a modern non-profit organisation.

The table below gives a quick snapshot of the key differences between a donor database and a CRM system.

| | Donor Database | CRM Platform |
|---|---|---|
| Recording and managing details of your key supporters and their relationship with you | √ | √ |
| Recording and acknowledging the donations and gifts your supporters make to your cause | √ | √ |
| Recording your various fundraising activities, and analysing their success | √ | √ |
| Expanding the use of the system outside fundraising – e.g. volunteer management, service delivery, sales | X | √ |
| Easily integrates with any number of email marketing tools | X | √ |
| Easily integrates with any number of web Content Management Systems | X | √ |
| Easily integrates with social media | X | √ |
| Supported by a large network of consultants, developers and professionals – rather than reliant upon the resources and energies of one company | X | √ |

We think it's important to note the word *platform* when describing a CRM tool. Whereas a donor database anticipates ways of working in more traditional ways – donations received by cheque, mailings sent through the post, donor enquiries received by phone; and mainly relies upon human beings typing data into it – a CRM platform anticipates a very different way of working.

A CRM platform offers the same functionality as the old-fashioned donor databases, but what they also offer is the ability to stitch together a variety of other technologies and data sources – easily, cheaply and with minimal human interaction.

In essence, a CRM platform becomes a place where increasingly data is stored that is entered in other places:

- A donor upgrades their Direct Debit – and it is automatically updated in the CRM system
- A donor registers for an event – and it is automatically updated in the CRM system
- A donor reads and responds to your email – the CRM system records the time they spent looking at your email, the pages on your website they clicked through to, and triggers someone in your office to reply to their emailed response
- A supporters buys a ticket to one of your exhibitions or shows – and their payment and registration is automatically updated in the CRM system

## Why does it matter?

**How you think about your relationships is crucial to your success.**
It matters, because although in 1995 most non-profits just needed a donor database, we very rarely see organisations with such limited ambitions and aspirations in 2015. CRM platforms are often the technology tools that will meet these needs – but organisations are still buying donor databases instead, and paying the price further down the line. If you buy a donor database thinking it's a CRM system, then you're going to be in trouble.

CRM is the only way to achieve the $360^o$ view and unlock the power of your supporter base. It is about proactively managing your interactions with current and future customers (or constituents, supporters, contacts depending what you call them).

**Success is as much about your attitude to supporters as it is about the tools you use.**

**Attitude test 1:** Imagine for a minute you're a volunteer with your organisation.  A volunteer may be 'approved' by HR, paid expenses by finance, supervised by a person in a remote location on a particular project, and also be part of a communication list and receive information about your activities and appeals. And as volunteers are often superb supporters of charities, they might already be a donor, too.  How would you describe your experience of working with your organisation in the volunteers shoes?  Are you happy with that?

**Attitude test 2:** How do you react to the question - does every one we meet want a relationship with us? Do you think about a) how to manage that using data protection, data management and opt-out rules or b) communications and engagement options and approaches that might help people engage?

**So, do I need a database or a CRM?**
The answer to this question lies in your organisational strategy and culture – and your attitude.

Few traditional fundraising record systems are actually CRM systems. That's not surprising as most were invented before the era of CRM. Most databases are essentially highly featured lists of donors and gifts. CRM systems are platforms that enable you to work with a single set of data across your whole organisation.

You should consider a platform or CRM approach if:

→ your strategy includes action words like 'grow, develop, engage, build, increase , support' – you need a scale-able and accessible system that can grow with you.

→ you use multiple digital tools which each hold data about a customer – for example your website content management system, email marketing tool, social media tool

→ your customers are involved in more than one way with you – eg buying tickets for an event and making a donation to an appeal, volunteering and donating.

→ You work in or across multiple locations – not everyone is office based and you may have multiple sites, so need more than a single point solution.

*Mags Rivett is Marketing Manager at Purple Vision, an independent consultancy supporting charities and non-profits with CRM, technology, digital, data analytics and more to help with fundraising, service delivery membership and more. This includes technology and digital signposting to help you find the right solutions, as well as CRM implementation and ongoing CRM support. Find out more via www.purple-vision.com*