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White Paper
Nonprofits and Technology

May 11, 2000

Technology's explosion of importance in recent years has forced the nonprofit sector to reluctantly take notice. As in any sector, there are several large cornerstone organizations that have incorporated technology into their daily operations and benefited from doing so. Last year, the American Red Cross offered a view of the Internet's potential for charities by raising over \$1.2 million for Kosovo relief efforts through a link on its website. Other organizations such as Amnesty International and Tobacco Control Advocates generate e-newsletters that connect supporters across the country and inspire volunteer efforts.

Despite the fact that nonprofits as a whole constitute 8% of the GDP with assets totaling over \$1.3 trillion, the entire sector lags far behind business and other government in utilizing technology, with a significant dearth in poor and minority areas. According to the Wall Street Journal, spending on information technology now accounts for more than one-fourth of all U.S. investment and more than half of business spending on new machines.¹ Meanwhile, Catholic Charities USA, a foundation that connects approximately 150 social service organizations across the nation, reports that only one-third of those organizations have any Internet presence at all.² And despite the Red

¹ Cohan, "Messengers of the medium," Philanthropy News Network (PNN) Online, www.pj.org, April 16, 1999.

² Abelson, "Charities See Web's Potential," New York Times, March 29, 2000.

Cross' success, a recent survey by Independent Sector indicated that only 1% of all individuals who donated money in 1999 did so via the Internet.³

The explanation for nonprofits' obvious failure to maximize technology should not be attributed only to absent funding. In a draft of its 1999 comprehensive report *A Blueprint for Infusing Technology into the Nonprofit Sector*, the National Strategy for Nonprofit Technology (NSNT) wrote, "A year of research has shown that nonprofits are hesitant to use technology and are ill-informed about the impact that it could have on their work. Overall, the fundamental problems causing this situation are lack of knowledge, fragmentation, turf protection, inadequate investment, and lack of skills."⁴

Funded by Microsoft and various foundations to study how the nonprofit sector acquired and used new technology, the NSNT eventually attempted to identify why most nonprofits typically do not understand how or why to effectively and efficiently incorporate technology in pursuit of their respective missions. Potential reasons abound – there have not been many attempts to measure the impact of technology on nonprofit services, and the nonprofit culture does not always lend itself to adopting the technology that has become so representative of the dirty c-word: capitalism.

NSNT's report helped illuminate the importance and benefits of marrying technology and the nonprofit sector. After realizing the extent of the gap between the technological needs of nonprofits and the assistance available to those organizations, NSNT sought to provide an "online co-op" that would function as a "circulatory system through which

³ Saxon-Harrold, Susan K.E. *Giving and Volunteering in the United States: Findings from a National Survey*, 1999.

⁴ Cisneros, "Good Deeds and Better Technology," www.wired.com, July 12, 1999.

nonprofits could exchange tech resources and entrepreneurial expertise.” The co-op was based on four principles:

- Because knowledge is power, the sector as a whole will become stronger by exchanging tech tools, skills and knowledge fairly.
- Tech know-how, in turn, will flourish in an environment in which people who have it are compensated fairly and integrated into the life of the nonprofit organizations they serve.
- Nonprofits will make the most productive and innovative use of technology only when it becomes integrated into the way we think, work and communicate - a concept known as "technology transparency." That process will require continual learning and evaluation about technology's implementation and impact.
- Technology will transform the nonprofit sector when tech tools, skills and knowledge are inexpensive and easy to obtain, use, adapt and recreate. That will require that those who develop tech tools and resources make them - to the extent possible -- "open systems" available to anyone, rather than proprietary knowledge controlled by individual entities.⁵

Based on these principles, the online co-op would allow nonprofits to both contribute and receive, ensuring that all groups (even those in poor and minority communities) could benefit from technological advancements. In essence, the co-op would also help the nonprofits achieve another of their implicit, if unstated, goals; providing a place for the sharing of ideas and concepts is an essential aspect of a healthy civil society. There are many other ways in which technology can support nonprofit missions. By discussing a

⁵ Cohen, "Building an online co-op for nonprofits," Philanthropy News Network (PNN) Online, www.pj.org, March 19, 1999.

few in the Benefits section of the paper, perhaps some weight can be added to the argument justifying nonprofit technology.

BENEFITS

Online Community Organizing. The Internet offers immediate strength to the community organizing model. The diversity and sheer number of the online audience provides an opportunity to reach potential constituents across the country and globe. One example of successful online community organizing is Move On (www.moveon.org), a web-based civic action group that began as a message about the recent attempt to impeach President Clinton sent by two Silicon Valley entrepreneurs (Joan Blades and Wes Boyd) to a few of their friends. The message continued to be forwarded to others, and Blades and Boyd created a website that encouraged a censure of the President and then a dismissal of the entire proceedings once and for all. After a week, the site collected 100,000 signatures for an electronic petition; in a month and a half, there were 500,000. With traditional organizing methods, the cost of this movement would have ranged from \$300,000 to \$400,000. To maintain the website, Blades and Boyd paid \$89.95. In addition, the site created a community with actual civic power due to its financial backing. Along with the signatures, the site also collected approximately \$13 million in pledges to use against any members of Congress that voted for impeachment.

Organization Building. The Internet can be instrumental in building an organization through listserves and e-mail. It is practical, also – a mass e-mail costs far less than a mass mailing and is as effective as a phone tree. Online organization building can also provide a voice for individual members; by strengthening all members, the organization

grows stronger as well. The welfare rights group Community Voices Heard (CVH) recently conducted online surveys of over 500 New York City welfare recipients to evaluate the city's new workfare program. The survey revealed that most of the respondents could not find paid employment despite their desire and ability to obtain and hold a job. In addition to this valuable information bringing pause to those celebrating the supposed "success" of workfare, CVH representative Andy Stettner reported that the group "found a number of new key organizing leaders from the ranks of our sample."⁶

Donations. The response to the Red Cross website remains at the upper echelon of online fundraising. Unfortunately, some smaller organizations do not possess the visibility needed to sponsor such a campaign. In addition, they may not be able to afford the cost of maintaining both a website and technology needed to secure credit card donations. Other options do exist, however. "Charity malls" such as iGive (www.igive.com) and MyCause.com link consumers to online retailers, and reserve a portion of the sales for charitable causes. These malls have a downside, however – the sites are unregulated, so there is no guarantee that consumer money ever reaches the nonprofits, or that the nonprofits listed are actually legitimate.

Improved Services. Tim Mills-Groninger, a contributing editor to *The NonProfit Times*, writes, "The ability to collect, store, analyze and distribute information is a key component of building and maintaining civil society."⁷ As nonprofits continue to adopt business-like practices, they will be required to provide evidence of results to their

⁶ Carlson, "High Tech at the Grassroots," *Responsive Philanthropy: The NCRP Quarterly*, www.ncrp.org, February 4, 2000.

⁷ Mills-Groninger, "Enabling Technology Funding," *The NonProfit Times*, www.nptimes.com, May 1, 2000.

fundlers, the media, and even the clients they serve, in addition to their own staffs and boards of directors. They may also be forced to account for their spending and revenues by various regulating agencies. Technology will be instrumental in enabling nonprofits to comply with these responsibilities in terms of both communication and presentation.

RECOMMENDATIONS

In the fall of 1997, Jane Meseck Yeager, Microsoft's program manager for community affairs, conducted research in preparation for the NSNT by talking to various nonprofits and organizations that provide technical assistance to nonprofits. She found that "both providers of technology assistance and local nonprofits identified the fundamental services of strategic (technology) planning, training and ongoing support as the most critical needs of the sector."⁸ To help change the approach towards adopting technology, leaders within the nonprofit sector must address these and other issues:

Needs Assessment. Before creating a strategic plan, the nonprofit must assess its needs as they relate to technology. The entire organization should contribute in deciding what areas need improvement and determining if/how technology can help. (New computers are not the panacea for poor operating procedures.) Certainly, it is somewhat difficult to assess the uses of technology among nonprofits. Joan Fanning, the executive director of NPower, a Seattle nonprofit that provides assistance to local nonprofits, laments, "While there is good anecdotal evidence indicating that technology can have significant positive impact on a nonprofit's ability to achieve its mission, currently there is no measurable

⁸ Cohen, "New nonprofit delivers tech know-how," PNN Online, March 29, 1999.

data supporting this assumption.”⁹ Her organization is creating a series of tools for nonprofits to assess and compare their uses of technology with one another via a “technology report card,” and evaluate its effect on the services they provide. The tools would set benchmarks by identifying the most effective implementations of technology, and help organizations budget for technology by tracking the use of various components. These tools would be available to all nonprofits on the NSNT co-op.

Strategic Technology Planning. A comprehensive strategic plan is key to effectively implementing technology. Mills-Groninger explains, “Effective planning goes beyond shopping lists and installation timelines. It is the commitment to discovering the most effective combination of human, financial and technical resources to achieve the proposed goal.”¹⁰ Foundations are somewhat reticent about supporting requests for technology without specific directions for its proposed use. In addition, nonprofits must plan short- and long-term correctly to ensure that the new technology is sufficient for their needs and will remain relevant for years to come.

By keeping its mission and goals at the forefront when considering the acquisition of new technology, the nonprofit can show direct links between the implementation of technology and improving the lives of people. If done successfully, the organization will appear more attractive to prospective funders. In addition, this should eliminate the possibility of requesting unnecessary technology. Steve Downs, the director of the Telecommunications and Information Infrastructure Assistance Program at the U.S. Department of Commerce, says, “The role of technology should be to enable nonprofits

⁹ Cohen, “A compass to measure how nonprofits use technology,” PNN Online, April 2, 1999.

to do what they do better, to change how they interact with their clients, to reinvent their services. Technology investments should have clear programmatic goals.”¹¹

Staff Training/Retention. Implementing technology is one thing; maintaining qualified staff to operate it – particularly at nonprofit salary levels – is quite another. Experts estimate that 70 percent of nonprofit technology implementation involves people, with hardware accounting for another 20 percent and software 10 percent.¹² “Circuit-riders” (traveling missionaries that provide technical assistance to different organizations) provide some help to organizations, but not enough. Nonprofits must budget for appropriate salaries for technical staff while incorporating them into the mission.

Involving tech people in achieving all aspects of the mission – rather than treating them as separate employees that are only interested in technology – may encourage the tech staff to remain committed despite the attractive offers that exist in the corporate world.

In addition, nonprofits should support the creation of nonprofit technology leaders by contributing to academic programs that combine the two disciplines. Initiatives by Georgetown University’s Public Policy Institute and the Milano Graduate School of Management and Urban Policy at the New School University to offer degrees in nonprofit technology can be integrated into nonprofit operations. Tech support internships should be offered to these students, benefiting both nonprofits and future tech leaders in the sector.

¹⁰ Mills-Groninger, “Enabling Technology Funding,” *The NonProfit Times*, www.nptimes.com, May 1, 2000.

¹¹ Thacker, “Nonprofits’ questions about tech funding have answers,” PNN Online, September 10, 1999.

¹² Cohen, “Messengers of the medium,” PNN Online, April 16, 1999.

Bridging the Divide. A gap remains among nonprofits – many organizations that particularly serve communities of color and/or low-income. In cases of extremely limited resources, budgets for technology will be especially scrutinized. Perhaps some of these nonprofits might form alliances with one another in an effort to maximize technological resources. In the long run, the benefits will certainly outweigh the costs.

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