

# Holy Grail

OR

# POISONED CHALICE?

Integrated information systems in the charity sector



# Introduction

Rather like the physicists' search for a unified theory of everything, the technologists' quest for a completely integrated information system has been going on for a very long time. However, while the physicists' search is grounded in the comparatively objective world of quantum mechanics, technologists have to contend with processes and people. It is quite possible that a unified theory will emerge at some point in the near future; the quest for integrated information is likely to take much longer – especially in the charity sector....

Is this really true? In this short article we argue that charities face a unique set of challenges in trying to integrate information from more than one system – especially when dealing with accounting and CRM systems.

Good decisions depend on good information and, for most organisations, the accounting system and the CRM system are the two main sources of that; they lie at the heart of the business. Organisations that can achieve a high degree of integration are able to present decision-makers with fewer versions of the same information, which means they are able to reach better-quality decisions faster.

Of course the easiest way to achieve that is to eliminate all the competing information systems and rely on one single corporate source – but that is hard to achieve. Some organisations – particularly in the public and commercial sectors – have been successful in implementing “enterprise-wide” systems of one kind or another. However, such projects are expensive at best and notoriously resource-hungry at worst. The sector is littered with examples of organisations that have given up half-way through; and, of those that do complete the course, only a tiny number are even slightly successful.

The problem – and it is a particular problem for charities – is that the successful integration of accounting and CRM systems depends on three key factors, namely that:

- a. The technological components involved are extremely compatible and can be assembled as if they were, in fact, components in one single system
- b. It is possible to harmonise the commercial, legislative and other external drivers that influence how different parts of the system are used and need to evolve
- c. The organisation that the systems are in place to support truly is – or can be – one single organisation...

<sup>1</sup> A theory of everything (ToE) or final theory is “...a putative theory of theoretical physics that fully explains and links together all known physical phenomena, and predicts the outcome of any experiment that could be carried out in principle ...” (Steven Weinberg 1993).

<sup>2</sup> An information system here means any combination of processes, people and technology designed to achieve a purpose.

<sup>3</sup> Defined here as contact relationship management.

# The technological challenge

As is the case with most information systems projects, technology is the least of the problems. Nevertheless, the attempt to bring together accounting and contact management systems raises a number of unique technological difficulties.

## Coding structures

Anyone who has either designed a chart of accounts for a charity or who has migrated from one CRM system to another will know that the compatibility between the coding systems in finance and those in fundraising or membership is key to the reconciliation of reports. Charities that rely on information that comes from two sources – namely their accounting system and their CRM database – need to make sure that information stays consistently in step.

Charities need their accounting system to support more than a simple cost centre/account code; project funding introduces at least one more dimension and the more detailed reporting required by funders, supporters, members and the various statutory bodies can introduce still more. The accounting systems sold to commercial businesses do not easily meet the more complex reporting analysis requirements that charities have.

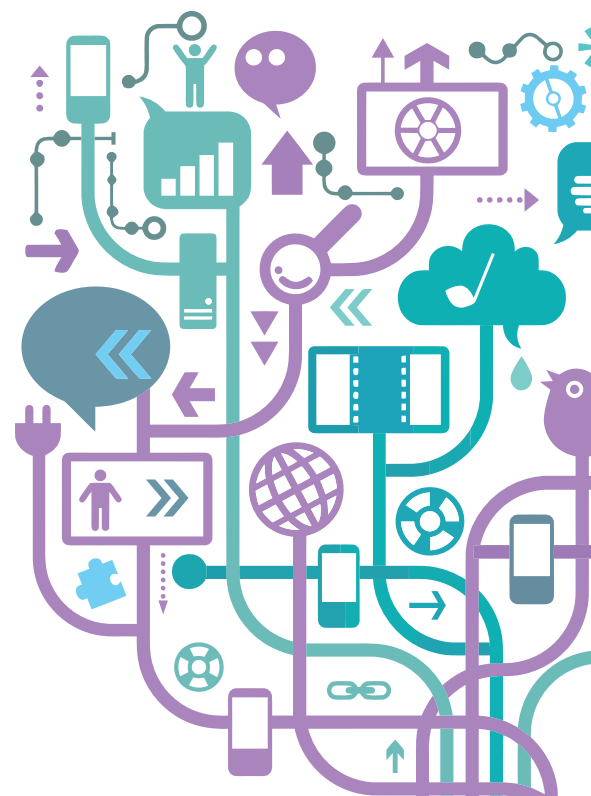
Conversely, most of the charities that buy CRM software to manage their supporters or members select packages that are designed for the sector with the functionality to analyse (income at least) in the way that charities need. The first problem therefore arises when attempting to integrate the relatively simple structure of the chart of accounts in the accounting system with the relatively complex structure of the source coding in the CRM database – a problem that becomes more difficult if (as is usual) one of those structures is already in place and being used.

## One-way traffic

The inherent technical incompatibilities between accounting and CRM systems have a number of consequences. First, they make it difficult to transfer consistent information easily from the CRM database to the accounting system – but transferring information in the other direction is even harder. As a result, most charities settle for a one-way solution and extract, typically, a file of transaction detail (or summary) from the database, that in turn creates a batch of journals for subsequent posting in the accounting system.

That procedure has been used for many years. However, many organisations would like to do more – for example, some charities would like to see the sale or movement of merchandise, as registered in their database system, reflected in the stock control of their accounting package; some would like to see the campaign costs recorded in their accounting system but then apportioned to the corresponding activities in their database and balanced against the income they generate; and so on and so on. Sadly, that degree of integration is simply not feasible with the accounting/CRM system combinations implemented by most organisations.

So, the technical barriers to integration are significant. They can be overcome – of course – but, actually, the problems of coding and



compatible technology are only one part of the problem. There remain the challenges from the outside world – and, finally, from the culture of each individual organisation.

## The challenge from external drivers

Connecting information systems is one thing; keeping them connected is another. Traditionally, the CRM database has been a “back-office” responsibility.

Some 20 years ago large database systems like that were managed by IT departments or bureaux. More recently – during the past 5-10 years – the CRM responsibility has moved closer to the front line to be managed by specialist teams in fundraising or membership administration. Even more recently though, the rise in the importance of online services has caused still further fragmentation as the responsibility for digital development moves into specialist marketing or communications departments. The separation of these responsibilities has happened, not because the technologies are



incompatible, but because the external drivers are different. Digital teams, for example, are driven by fast-changing user expectations and technical opportunity while those IT departments still managing CRM databases, inevitably move more slowly, at a pace determined by the volume of data and the sometimes complex processes that larger systems and their interdependencies need to support.

The problem here arises when the different external drivers force varying rates of internal change: website changes happen more frequently than upgrades to package CRM; CRM suppliers

release new versions more often than accounting system providers (and in amongst it all, IT departments work harder and harder to keep pace with everyone...) The effect of all that asynchronous activity produces a high degree of organisational tension. But, from a technological point of view the difference in speed of evolution places enormous strain on the points where the systems meet – with the inevitable risk that any established integration will weaken and eventually break.

However, while the pressure from external drivers is considerable, it is nothing compared to the strain created by internal tensions.

## The challenge from internal culture

Charities are often criticised (and, even more often, criticise themselves) for so-called “silo mentality”.

Silo thinking, they say, is the root cause of poor communication, of duplicated effort, misleading information and poor decision-making. That may be true (there is certainly evidence of at least some of those organisational weaknesses) and greater organisational integration, supported by better systems integration, looks like the answer.

However, before committing to a strategy of greater integration – and before investing heavily in the systems and structures to achieve that – it is worth reflecting on how charities began, what inspired them in the first place and what continues to energise them today.

Most charities originally came into being as the result of the determination of one individual, or a small group, to address a need that wasn't being met – or to meet the need in a different way. That individual inspiration, for most charities, even where they have grown out of all recognition from their original beginnings, remains firmly in the culture and values of the organisation.

Individual vision and energy are what drive the sector; commitment and an individual approach are recognised values at the organisational level – and, as a consequence, they are recognised values at departmental and team levels as well.

These forces account substantially for the remarkable achievements by charities in the world. However, they are also the reason why decision-making in charities takes longer, why there is duplicated effort and sometimes poor communication, and, finally, why systems integration is so difficult to achieve.

Charities are not naturally coherent organisations; the structures laid out on an organisational chart rarely reflect the true decision-making processes; silo thinking may be deplored in public but legitimised in private. So any attempt to deliver an integrated information system into a charity needs to be preceded by preparations and plans that focus on culture and deal with the likely resistance to an assault on the fundamental nature of the organisation.



## Conclusion

Charities need better, more integrated information systems. The demand to produce more from less continues to drive the sector and better technology is a key resource. However, while the potential for change is great (and the rewards even greater) the steps to achieving it are complex and – crucially – call for an integrated approach to organisational change as well as improvements in the integration of the underlying technology.

This article was produced in the light of recent acquisitions in the charity software market. Some of those acquisitions have brought together accounting systems companies and software houses specialising in CRM packages for the charity sector. It is to be hoped possible that the combination of skills, experience and resources from those two worlds will deliver a higher degree of systems integration than has been seen in the sector to date. That improvement would be a genuine contribution; all of us with an interest will wait and see.

## About Adapta Consulting

Adapta is a wholly independent information systems consultancy providing advice and guidance exclusively to organisations in the not for profit sector. Our consultants have held senior information systems positions in a range of organisations and they draw on real experience of the best approach to strategic planning; systems procurement; programme and project management; and organisational change. We understand the sector and, as well as knowing the strengths and weaknesses of the different systems, our consultants have a deep appreciation of cultural, political and other organisational issues facing charities. We help our clients get to grips with those challenges and to find appropriate and achievable solutions.

