Implementing Fundraising Policies and Procedures

Constituent Relationship Management Software Helps You Adhere to Policies and Procedures
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Many nonprofit organizations struggle with developing policies regarding how constituent and donation data is captured and recorded. Knowing how and where to start can be daunting. However, without a policies and procedures manual for handling fundraising data, many organizations experience the frustration of inconsistency in their donor and giving records. By spending the time to identify policies and implement procedures to ensure adherence to the policies, your organization can reduce and eliminate much of the frustration and inconsistency. You will also benefit publicly from having written policies and procedures which demonstrate your adherence to ethical standards.

This document is designed to highlight some of the decisions organizations need to make and, how constituent and fundraising software can aid an organization in assuring the procedures. Each example decision point is contained within its own section; each section has a sample policy, procedure, and an indicator of what you should expect from your fundraising software to aid you.

**Decision: What information do you collect about your constituents? And what do you not collect?**

Collecting information about your constituents is a vital part of the cultivation process. It helps you to nurture your relationships, meet your constituents’ expectations, and provide meaningful feedback to them. However, there are limitations on what information you may want to gather, what information your donors want to provide, and what types of information have legal ramifications for your organization. When deciding what information you’d like to gather, consider how you plan to use the information to aid your fundraising and stewardship efforts. Conversely, if your organization’s mission is health-related, you will need to consider the HIPAA Privacy Rule¹, what it means for your fundraising and stewardship efforts, and what information isn’t necessary to your efforts.

*Example Policy:* Gather name and address information, the constituents’ preferred method of communication, and whether or not they prefer to give anonymously, in what program areas they are interested, whether or not they are interested in volunteering. If a constituent is amenable, collect their spouse’s/significant other’s name. Never collect Social Security Numbers because the information is too sensitive if it were to accidentally be printed/displayed anywhere.

*Example Procedure:* Use the “Communication Preferences” form designed to gather this information every two years from constituents during the spring mailing. Include an electronic version of the form on the web site so that donors who are active on the web site can complete it there, if they prefer. (You and your colleagues will need to create the “Communication Preferences” form mentioned above.)

*Expectations of Software:* You can use your software to print the information you currently have from your constituents when asking for the updates. This way they only need to make the appropriate changes and not spend time re-documenting preferences that haven’t changed. Some software, like Metafile’s

ResultsPlus, also offers a free application programming interface that allows you to set up the form on your web site to store the data directly into your fundraising database, avoiding keying it in manually.

Decision: What are your standard formats for various types of information?

Data entry consistency is a problem for many organizations. It makes identifying duplicate records difficult, building merge letters error-prone, reporting look unprofessional, and provides a data maintenance point that can be time-consuming when standards aren’t followed. Often times, the policies identified regarding data formatting have more to do with appearance and maintaining “clean” data than with any specific needs of a governing board or stewardship. This doesn’t diminish the importance of clear policies in this area. Below are 3 common candidates for standardization. As an organization, you will want to consider expanding these areas, especially your policy on naming conventions, to encompass the various types of families and names represented in your constituent base.

1. Naming Conventions

   Example Policy: Use periods after prefixes to ensure a more formal appearance in address data on letters and envelopes. This conforms to the Chicago Manual of Style’s rules for naming conventions such as names on envelopes and labels, inside salutations, etc. When creating a single record for a couple, use the woman’s name first in informal salutations.

   Example Procedure: Select the prefix from the list of predefined options. Enter the first name of the man in the first name field to ensure that the formal salutation is built correctly (e.g. Mr. and Mrs. John Smith). Enter the last name into the last name field. Allow the application to automatically create the full name, address name, and formal salutation (first salutation). In the second salutation, enter the woman’s first name, followed by the word “and” and then the man’s first name.²

   Expectations of Software: Because fundraising applications handle naming very differently, check to be sure your fundraising application will “auto-build” many of the fields for you using a respected set of rules for doing so. For example, in the United States, the Chicago Manual of Style is a standard resource. According to the Wikipedia entry, it “deals with aspects of editorial practice, from American English grammar and usage to document preparation” like formatting names.³ However, your software should also let you override this feature if you find it necessary to do so for specific records. Your fundraising software should also support the creation of drop-down values for prefix information, ensuring consistent data entry, and enforcing your decision whether or not to use punctuation in the prefixes.

2. Address Entry

   Example Policy: Use the standard abbreviations for street addresses as provided by the United States Post Office⁴ so that addresses better fit on envelopes, and there is an easily referenced way to identify whether or not an address is formatted correctly. Use proper-(title-) casing for street addresses.

   Example Procedure: Enter the name in the prefix, first, last name fields, and enter the address in the Address1, Address2, City, State, and Zip fields. Be sure to enter the P.O. Box and other secondary information on line 2. Do not include it in the first address line. (ResultsPlus will auto-correct the abbreviations and casing in all these fields.)⁵

² Because fundraising applications handle names and addresses very differently, this procedure is based on ResultsPlus. Check with your application for options.
⁴ http://www.usps.com/ncsc/lookups/abbrev.html
⁵ Because fundraising applications handle names and addresses very differently, this procedure is based on ResultsPlus. Check with your application for options.
Expectations of Software: Your software should allow you to turn on an "auto-correct" feature for abbreviating address information. You should be able to override this for specific records. Your fundraising software should also allow you to turn on a feature to automatically title-case name and street address information. Your software should allow you to override this, if necessary, for specific records.

3. Phone Number Formats

Example Policy: Format all phone numbers (home, business, cell, and fax) as (###) ###-#### x####.

Example Procedure: Enter the phone number in the correct field. The format should be “(###) ###-####”. If there is an extension, be sure to enter it as “x####”.

Expectations of Software: All fundraising software should allow you to set up what is called a “mask.” A mask is a way to enforce a certain pattern of characters when entering data into a field. Masks work very well if all of your constituents are located in the same country or if they all hail from countries where the format is the same (for example, the U.S. and Canada). However, if your database contains constituents from various countries, your software should allow you to enter the numbers as you wish, but still provide tools to selectively format specific records.

Decision: How do you handle Change of Address submissions?

Organizations handle change of address updates differently. Some organizations overwrite the no-longer-valid address. Other organizations prefer to retain a history of the addresses and add new ones as changes occur. Whichever way your organization decides to handle this, it is important to make sure your data entry personnel is aware of the policy.

Example Policy: Retain old addresses and add new addresses as they come to us. Do not change the address type, but instead add a note to the record and remove any months for which the old address is currently marked active.

Example Procedure: Update the old address by adding a note to it that the donor has moved. Remove any months for which the address is marked active. Add the new address. Enter the address type, the months for which the address is active (in case the donor has multiple residences), and ensure the new address is marked primary (if the address is the primary mailing address).

Expectations of Software: Nearly every software application available today supports multiple addresses, so this policy and its associated procedure are handled entirely by staff. Many software vendors offer National Change of Address (NCOA) update services to help you identify your “movers.” Take advantage of them. When these services are provided by your vendor, they are done by people who understand your fundraising data and its structure.
Decision: How do you communicate with your donors and prospects?

An organization’s constituents are not all alike. Some prefer communication more often; others prefer it less often. Some prefer email while others prefer “snail mail.” The discussion on communication is nearly endless when you start considering in what areas a constituent may want updates vs. those where a constituent doesn’t want any. As an organization, you’ll need to decide in what ways you’ll let your constituents determine your means of communication. This is something that requires quite a bit of consideration, because if you open it up too much, you likely won’t be able to meet the expectations you’ve help set for your constituents.

Example Policy: Actively solicit preferences from constituents as to whether or not they wish to receive newsletters, event announcements, the annual report, and in what manner they prefer to receive the information. For newsletters, they can choose regular mail, email, or none. For event announcements, they can choose regular mail, email, a phone call, or none. For the annual report, they can choose regular mail, email, or none. Ask their preferred method of contact for general information. This information is gathered every two years with the “Communication Preferences” form.

Example Procedure: The procedure for this is much the same as the procedure for the policy on what information to collect (or not collect) on constituents.

Expectations of Software: Your software should allow you to enter and, more importantly, retrieve your constituents’ preferences. If your storage needs (i.e. the number of fields you need to hold distinct data) are unique to your organization, the software should support customization options that can be created, maintained, and used by non-programmers.

Decision: How do you communicate, specifically, with your major donor prospects?

Major donor prospects are a unique and important subset of your constituent base. While you want to develop and maintain lines of communication with all your constituents, according to Joan Flanagan, “your cultivation of each [major donor] prospect needs to be intentional and recorded.” The ongoing communication will necessarily be different from one prospect to the next. Because of this, developing a specific policy on managing major donor prospects can be challenging. Organizations may want to outline every aspect of the process, but that will not work because the process will change from constituent to constituent. Instead, opt for something deliberately vague.

Example Policy: Major donor prospects do not receive our standard communications. All communication must be scheduled and managed through the prospect’s assigned manager/solicitor.

Example Procedure: Set the constituency to Major Donor Prospect and mark them No Standard Contact. Ensure that a solicitor/manager is assigned to this constituent. If one hasn’t been assigned, escalate the issue to the Development Director.

Expectations of Software: Your software should allow you to automatically exclude people based on certain characteristics. Set those characteristics for your major donor prospects. Constituent relationship management and fundraising software will support your major donor cultivation efforts. Use the features available in fundraising software like ResultsPlus that are designed for this. We recommend you start with our whitepaper, “Cultivating Major Donors” available on our web site. Then consult the help system in your fundraising application for specific details. Your software should be able to support recording.

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anything and everything in this area; you may need to attach newspaper clippings, record notes from a phone call, attach a proposal, etc.

Decision: How do you protect donor privacy?

Every organization needs a policy on donor privacy. It needs to be well-defined, and it should be shared with donors and potential donors. In addition to keeping only information pertinent to your fundraising efforts and ensuring you are not violating HIPAA rules (for health-based organizations), you should define how you handle anonymous donations. The concept of anonymity is not the same thing to everyone. Is an anonymous donation one from whom you do not know the donor? Or is it a donation for which the donor (known to you) doesn’t want public acknowledgment? Or is it something else? According to the AFP guide on developing fundraising policies and procedures, you also need to consider how you will mark these donors in your database, how you will send mail to them, and what giving information you’ll include in reports.8

Example Policy: Anonymous donations are visible in reports to development staff and board members as “anonymous.” However, the Development staff with permission to see giving data can see the anonymous donor’s information. This information remains strictly confidential. If, for any reason, a donor wants to make a donation and ensure the development staff has no knowledge of the donor’s identity, it must be made under a constituent record of “anonymous.” We prefer that this scenario not be used, as we are then unable to provide the donor with any tax documentation.

Example Procedure: When entering the donation, mark the anonymous flag in the specific donation record. If the donor wishes to always give anonymously, mark the anonymous flag in the donor’s record, and it will affect each donation record entered. If the donor is to remain anonymous to the development staff, enter the donation into the record named “anonymous.”

Expectations of Software: Your software should support flagging donors and individual donations as anonymous. The software should also have reports that respect this flag and display the donations accordingly. Because Giving Clubs can be a uniquely challenging aspect of anonymous giving, the software should support including these donations, as well as excluding them (or anything else), when assigning recognition levels.

Decision: When entering donations, what information do you require?

Defining a basic set of required information for each donation will help your organization adjust your fundraising efforts and accurately report your fund sources in the future. While there are certain things it isn’t reasonable to require, organizations that take a look at their requirements generally discover they can require more information than they currently do. For example, every gift should be attributable to a campaign. For the cases where you get unsolicited donations, adding an “unsolicited” code can be useful. Making the data required may increase the value of the data for future use.

Example Policy: All donations must have a donation type (check, credit card, etc.), fund, campaign, and appeal associated with it.

**Example Procedure:** When entering the donation, if no fund is identified, mark it as unrestricted. Check the return slip for a campaign and appeal. If the donation arrives without a return slip, use the “unsolicited” codes for appeal and campaign. If the donation is a check, be sure it is marked as a check. If it is a credit card donation, mark it as such, etc.

**Expectations of Software:** While most systems have a base set of requirements, you should be able to add to these. You should be able to indicate that the method of payment is required in order to save the record if the system doesn’t require it “out-of-the-box.”

**Decision: How and when do you acknowledge donations?**

Acknowledging donations seems like a straightforward part of handling donations. And it is. You can still benefit from having a policy on it. Does your organization have a guideline in place regarding timeliness of acknowledging donations? It probably should, because according to research, delayed acknowledgment of donations is one of the reasons donors stop giving. Has your organization identified a threshold for acknowledgments that should come as hand-written notes or phone calls from your Development Director? Your Executive Director? Your Board? While you may not need 3 escalation levels, it may serve you well to have at least one. Perhaps donations over $500.00 should be acknowledged with a phone call in addition to an acknowledgment. Decide what is right for your organization and develop a policy and procedure to ensure the policy is respected.

1. **Do you have a rule on timeliness?**

   **Example Policy:** All donations must be acknowledged within 48 hours of receipt.

   **Example Procedure:** After entering each day’s donations, run acknowledgments for all donations entered that day and record them. Give them to the Development Director to sign. If there are donations for which we require phone calls, gather the phone number and give the acknowledgment (for reference) to the Executive Director so that the call can be made.

   **Expectations of Software:** Most systems will enable you to set up a query or filter to identify any unacknowledged donations. Some, like ResultsPlus, also include acknowledgments as part of the “batching” of donations, giving you the opportunity to run the acknowledgments as a standard part of your gift entry, auditing, and posting process.

2. **If a gift is over a certain amount, must the acknowledgment come from the Development Director? Executive Director?**

   **Example Policy:** All donations $500.00 or more must be acknowledged with a special acknowledgment letter and a phone call from the Executive Director.

   **Example Procedure:** The procedure for this policy dovetails with the rule on timeliness, as it is part of the acknowledgment process as a whole.

   **Expectations of Software:** This is not specifically a function of your fundraising application; it’s an acknowledgment and a call made by your Executive Director. However, you can embed special content in your mail merge documents to alert you to the elevated status of a donation and to use different wording

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in portions of the letter. That way as you run the acknowledgments, those that require the Executive Director’s attention stand out.

Decision: How do you handle correcting errors in donations?

Entering corrections into donation records should be given serious consideration. Does your development office reconcile with your accounting department? If so, you need to consider the value of maintaining a clear audit trail. This enables you to review the adjustments in your fundraising system and see the same adjustments in the accounting system. This ensures checks and balances between the two systems that will benefit you at audit time. However, if your organization doesn’t reconcile your development office with your accounting department, you may want to give one person the elevated security to change donation records without entering reversing entries.

*Example Policy:* When an error is made in a donation record, it must be corrected by creating a second, correcting donation record to maintain a clear audit trail.

*Example Procedure:* When a correcting entry must be made, the original donation must be nullified by entering an offsetting entry, and then the correct donation must be entered. Before entering the offsetting entry, review the original erroneous entry for the date of gift, fund, campaign, appeal, and any other information necessary for the correct entry. When entering the correct donation, be sure to include the reviewed information from the original gift.

*Expectations of Software:* Your software should provide the ability to enter offsetting entries that can be associated with the original donation. The original donation, offsetting entry, and correct entry should all be visible within the donor record and include fields identifying who originally entered the records and corrected them. The system should be able to exclude offsetting entries (or include them) for reporting purposes.

Decision: How often do you check for duplicates in your fundraising data?

Having duplicate records in your fundraising data can be a frustrating and costly problem for organizations. Because of this, as an organization, you should identify and implement a maintenance schedule for removing duplicates from your fundraising database. This schedule will depend on whether or not your organization uses lists for acquisition, whether or not your organization frequently does large mailings, and how much activity occurs in your database on a daily basis.

*Example Policy:* Duplicates are removed from the fundraising data monthly to ensure a minimum number of duplicate records.

*Example Procedure:* The last Monday of each month, a check will be performed to identify duplicates. The check will compare the last name, first address line, city, and zip code of each record. Once the check has been performed, a report will be run identifying the potential duplicates. At our weekly department meeting, we will discuss the records identified by the system and which ones we want to be merged into a single record. Our database administrator will then back up the database and archive the backup. Afterwards, (s)he will merge the records marked during the department meeting for merging.

*Expectations of Software:* Your constituent relationship management software should have a duplicate checking utility that you can configure for the fields you want to check. It should provide a standard report you can take to your meeting. It should also provide a mechanism for merging the duplicate records. Your software may even provide a feature you can use to schedule a pop-up reminder.
Decision: How often do you review your campaign, fund, and appeal information used for entering donations?

It is important to review the campaign, appeal, and funds available for use in your fundraising database. Depending on your organization’s fundraising practices, you may only need to do this once per year. You should still consider doing this, though. De-activating codes that are no longer in use or that are temporarily unavailable will reduce, and in many cases eliminate, erroneously selecting them when recording contact, pledge, donation, and other fundraising information. You should de-activate codes, rather than remove them from your system, to ensure that you can still report on historical data. If your organization plans its coding a year at a time, it is easy to create the codes yet mark them inactive until the time is right to activate them for use. This will expedite the final preparations prior to launching a new campaign or making an appeal.

Example Policy: Identify new codes for creation, tentative activation dates for the new codes, codes that can be de-activated, and the tentative dates for de-activation annually. This is part of the year-end procedures.

Example Procedure: During year-end reporting and processing, review each active code and decide whether or not it should be de-activated during one of the staff meetings. A report on active codes will be run out of the fundraising system and brought to this meeting for review. At this time, also identify proposed new codes for the following year. After the meeting, the database administrator will de-activate appropriate codes or schedule deactivation, if appropriate. The administrator will also enter new codes and assign an active/inactive status as appropriate. At the first staff meeting following the updates, the report (after having been re-run) will be brought again to the meeting to validate the changes were made as expected and that no errors were introduced.

Expectations of Software: Your constituent relationship management software should have reports that can be run on active and inactive codes. You should also be able to set up new codes and mark them inactive until needed. Once codes have been marked inactive, you should still be able to see them in historical records, but you should no longer be able to select them when entering new records. Some applications, like Metafile’s ResultsPlus, also support a tickler system you can use to schedule reminders on activating/de-activating the codes on specific dates.

Your Constituent Relationship Management Software Should Help You Adhere to Your Policies and Procedures

While you and your staff and board must identify your fundraising policies, ResultsPlus from Metafile Information Systems is designed to help you implement and enforce those policies and procedures. Whether you are standardizing name and address entry, enforcing error correction procedures for donations, or ensuring respect for your donors’ privacy, ResultsPlus has the necessary tools built right in. It may be just what you need to get started on this important, and sometimes daunting, task.

To learn more about how ResultsPlus can help you adhere to your organization’s fundraising policies and procedures call us at 800.638.2445 or email success@ResultsPlusSoftware.com. To obtain a sample policies and procedures manual simply fill out our request form online.