

DATA AUDITS – THE BASIS FOR STRATEGIC DEVELOPMENT

...and the route to a fuller understanding of your charity's data

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Charities don't need to be told that these are testing times for fundraisers. The spotlight is being shone brightly on methods of income generation and donor communications – and this is happening against a background of greater pressure on the charity pound in the donor's pocket than ever before. Right now, some 160,000 charitable organisations (BBC, John Picton, University of Liverpool, 2015) are seeking a share of what is at best a static overall donation pot.

So charities have a pressing need to build solid strategies for growth. To do this, it's vital that they understand the extent and quality of their assets, and top of the list here is data, the fluid, dynamic and often elusive lifeblood of a successful and active organisation. As a result, increasing numbers of charity and not-for-profit organisations are commissioning in-depth audits of their data resources.

When building a marketing campaign, a key first step is to understand the data that you already have within the organisation – which in turn enables you to identify which bits are going to be useful to you and which aren't. More importantly it'll show up those areas where there are gaping holes in the fundraising database – and there usually are.

Over the past eight years Wood for Trees has undertaken what we term Foundation Audits for upwards of 70 organisations – most of them in the not-for-profit sector and including some of the UK's leading charities. If you're interested in finding out more about the scope and potential of a Foundation Audit, please contact Emma Corbett, Solutions Manager at Wood for Trees: getemma@woodfortrees.net.

This article was originally written in collaboration with Apteco, the company behind the FastStats analytics and data visualisation suite.

Why a data audit is valuable

Optimising data flows and access:

An overview of a database (or interlinked bases), when conducted by a third party, can provide important new insights into how a database is working and where potential improvements might be made. It's worth obtaining the views of key stakeholders about the way they use data, which will provide an initial overview of the roles that data is expected to fulfil, where there are synergies, and where bottlenecks in the data flows might be occurring. It can also illuminate new or additional things that users might want to be able to do with data, and may reveal what's currently stopping them from achieving those desired objectives.

Improving the tactical and strategic use of data:

The initial overview phase of a data audit often reveals that there is a great deal more potential in a charity's data than they are able to access at the time – sometimes more than they originally knew about. Mechanisms such as a suite of analysis tools can bring this potential to life by generating insights that may help inform key decisions in fundraising strategy. These 'data facts' are an initial and often fairly straightforward 'win' in the process of gaining improved data understanding.

The summary of the data facts provides a clear perspective on an organisation's current and recent past performance, and from this it's possible to prioritise the key areas for attention. These might for example include:

- ▶ Improve ROI from major campaigns by improving targeting
- ▶ Optimise ROI for acquisition by understanding the origins of recruitment
- ▶ Reactivate pockets of lapsed
- ▶ Convert prospects and cash givers to regular givers
- ▶ Develop strategic reporting
- ▶ Review the data systems in use
- ▶ Build an engagement program in order to build a loyal "giving" base
- ▶ Gain a deeper understanding of the different profile types of the donors
- ▶ Develop a strategic communications plan based on profiles and models of donors
- ▶ Understand which tactics work for different profile groups etc.

Developing digital

The same approach can be employed to appraise and improve the integration of digital methods of communication with the traditional fundraising channels. For example, bringing email data into the CRM system, implementing consistent email categorisation, developing segmentations and setting and reporting on relevant KPIs.

Developing reporting

As you understand more about your data, it's possible to do more with it. For instance, the newly audited data can feed directly into a tool such as FastStats, which provides an effective, accessible and quick way to handle the process of making campaign selections and conducting a wide range of further analysis. Dashboards can give almost real-time overviews of campaign performance. Alongside this, a solid data foundation also provides a reliable basis for bespoke analytics, such as building predictive models for the key income channels.

Developing targeting

As outlined in the introduction to this paper, the charity sector faces tough competition from within and is under pressure to find new and innovative ways to generate money from fundraising. Media coverage has demonstrated how several charities have made particular efforts to stand apart from one another as they seek to engage their supporter base and acquire new donors (e.g. <http://www.theguardian.com/voluntary-sector-network/2013/jan/07/top-charities-innovative-fundraising>). Since then, controversial news stories about misuse of funds (such as Kids Company), and vulnerable donors feeling harassed by communications, underline the importance of developing clear and effective targeting strategies that are shared and understood across the sector.

Developing processes

At the same time as reviewing the quality of a charity's data through directly measurable parameters such as sources and fields, it also provides an insight into the processes that are applied to it. Resulting recommendations to improve data flows and classification (for example) will focus on improving the integrity of the underlying database, giving greater confidence in the accuracy of the data and the insights to be drawn from it. With a more robust and accurately maintained data warehouse at their fingertips, a charity can reap maximum benefit from analysis tools and dashboards. Perhaps even more importantly, enhanced trust in an organisation's data and analysis makes it easier to use it as the basis for key strategic decisions at a senior level.

The data audit is the first step on the road to targeting improved fundraising performance.