# THE HOLY GRAIL: INTEGRATING FINANCE AND FUNDRAISING

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You hear stifled whimpers across the office, and wonder if this time, Ashley might just quit. Perhaps a well-placed piece of dark chocolate next to her keyboard might help? Her new boss, the Development Director, recently began a social media campaign where friends ask friends to create donation pages. It worked; thousands of donations are pouring in! But now Ashley has to export spreadsheets of gifts and match them up to existing supporters in the fundraising database. With multiple social donors, there's multiple pages. Ashley can't easily import spreadsheets into the fundraising system because there's no reliable way to match names. She's hand entering donations *one by one*.

And that's not all—accounting uses a different system. So, Ashley exports the day's work from the fundraising database, checks it twice, and hands it to accounting to create journal entries by fund. Every day. For the last two weeks. Despite that effort, trouble is brewing in the Controller's office, because month-end is due, and the numbers between development and accounting often take hours to add up.

## How can we integrate our fundraising and accounting systems? We are wasting so much time and effort in duplicate entry, there must be an easier way.

This is such a common question, but as logical as integration seems—a number of minefields, pitfalls, and obstacles often preclude success. How can something that seems so simple, be so hard?

*It starts with your people.* Fundraising and finance require markedly different technology solutions. Why? Because the people—fundraisers and finance—live in completely different worlds.

Fundraisers live in a world of *relationships*, and are interested in the most effective way of reaching people, raising money and rating the success of those initiatives. They want a solution that manages their outbound communication efforts and internal communication—preferably using their mobile devices. Tools like fundraising databases, online fundraising, social media and email marketing make sense.

Finance staff live in a world of *compliance* guided by Generally Accepted Accounting Principles (GAAP), an accounting industry framework with codified reporting standards for nonprofits (FASB 116 and 117). FASB rules define how money should be properly accounted for, reported upon and spent. Controllers and CFOs are often loath to use an integrated system for fear that they will be unable to manage internal controls and ensure the integrity of their data.

## Data Sandwich

*But there is a third group of nonprofit staff that sit in the middle between fundraising and finance.* Data entry staff. For small organizations, the fundraiser may perform data entry herself, but more likely, it's a development assistant. On the finance side, it's the accounts receivable clerk, who may be a part-time bookkeeper or even the controller. These data staff enter and re-enter gifts counting the beans from one system and entering it in another. They often are responsible for exporting spreadsheets of donations from external online fundraising tools, and again find themselves keying and re-keying the same information. For large organizations, duplicate entry is still the painful norm and with large volumes of gifts at stake, it requires careful reconciliation between systems using a gift batch entry process, managed by a matrixed data entry team.

These crucial staff represent the world of fundraising operations, a group sandwiched in-between fundraising and accounting.

This document is designed to assist those responsible for *fundraising operations* who want to find a better way. You may be a current user of another Customer Relationship Management (CRM) or fundraising database and are wondering if NetSuite may be a viable accounting option. Conversely, you may be a NetSuite user who wants to use a more modern, integrated fundraising solution and are considering a new system. You're shopping around. You might also wonder if could *do it all with NetSuite* with no need to integrate.

This document will help you:

- Define the differences in fundraising and finance software.

- Recognize the importance of the nonprofit transaction.

- Identify the building blocks of a successful integration.

- Evaluate if you need an "all in one" or an "as if one" solution.

- Understand the power of NetSuite Nonprofit SuiteSuccess to bridge fundraising and finance.

# ALPHABET SOUP: ERP VS FUNDRAISING CRM

## The Differences in Fundraising and Finance Software

NetSuite and popular fundraising CRMs have a lot in common. Both are web-based solutions built natively on internet technology; both can manage revenue; and both tools can be customized by the end-user. It's precisely because both CRM systems and NetSuite are capable of deep customization that many nonprofit decision makers wonder if just one system could do it all.

Each technology has a set of strengths to consider:

Fundraising CRM systems manage the marketing to donations process: prospecting donors; soliciting gifts; setting up fundraising campaigns; tracking campaign response; building donor profiles; segmenting donors for future approaches, and managing the donation lifecycle. CRM systems extend donor stewardship with built-in tools for householding and relationship tracking—the focus is on people. Nonprofit development can span multiple strategies, so fundraising software can handle multi-channel giving, automated segmentation, integrated online donation tools, marketing automation, major donor tracking and beyond.

NetSuite, an Enterprise Resource Planning system (ERP), automates the entire operational side of an organization, with an emphasis in automating back-end business processes for accounting, finance, budgeting, inventory management, purchasing and payroll.

As an ERP system, NetSuite maintains your organization's general ledger. A general ledger contains the Chart of Accounts to record transactions that relate to a nonprofit's assets, liabilities, revenue and expense. For each contribution and expense there is a debit and a credit created automatically. Fundraising CRM systems only track income, while NetSuite manages both revenue and expenses. On any type of transaction, NetSuite automatically records the general ledger impact for both debits and credits.

# SHOW ME THE MONEY: THE IMPORTANCE OF THE NONPROFIT TRANSACTION

A revenue transaction for a nonprofit includes a diverse range of contribution types including pledges, pledge payments, event tickets, service fees, product sales, grants, in-kind gifts and memberships. While both fundraisers and finance focus on revenue, their worldviews are different.

From a fundraiser's point of view, key pieces of information on a gift include:

- Donor

- Strategy to raise money — Campaign, such as "Direct Mail"

- Specific solicitation of a strategy — Appeal, such as "Spring2017"

- Donor intent—what area the donor wishes to give — Fund, such as "Children's Library"

- The type of gift — Pledge, pledge payment, grant, donation

All fundraising CRM systems track this type of gift information so that fundraisers can steward donors and re-solicit gifts based on donation behavior.

From an accountant's point of view, compliance is the highest priority. To conform with FASB nonprofit accounting rules, each transaction must be tagged as "unrestricted" or "restricted" with specific accounting treatments and reporting regulations applied to each gift. Restricted contributions must carefully track where donors intend their gift to be spent (fund) or by time, such as a pledge or a multi-year grant.

And here is where fundraising and finance agree: both systems must track the type of gift and donor intent. These mutual integration points are defined in the Chart of Accounts. The Chart of Accounts is the primary organizing tool used by accounting to segregate expenditures, revenue, assets and liabilities. For fundraising and finance to be in harmony, they must share the appropriate elements of the Chart of Accounts.

**Should I Stay or Should I Go?**
How to Evaluate if You Need an "All in One" or an "As if One" Solution
Wouldn't it be easier to use an "all-in-one" ERP system that can handle fundraising, finance and even program initiatives? Possibly. Can NetSuite be that system? Yes, NetSuite can handle finance and fundraising operations, with customization. NetSuite as a nonprofit ERP focuses on finance. To use NetSuite for fundraising, you must manage

all donors and solicitation within NetSuite, which will involve customizations that your development team may expect out of the box. If you want to use NetSuite as an "all-in-one" fundraising and finance system, we recommend a phased approach starting with finance and then moving to fundraising so that your organization can absorb the change management required to take advantage of the ERP power of the NetSuite platform.

Alternatively, you can opt for an "as-if-one" approach. Here your development department can maintain their existing fundraising system, but integrate data from fundraising sources into NetSuite. Advantages of an "as-if-one" solution include the ability to maintain the unique capabilities of a fundraising system; unify silos of information by managing all transactional reporting in NetSuite's ERP; and use of the powerful finance capabilities of NetSuite without additional customization. These solutions are not mutually exclusive, because with a phased approach to implementation, you can use an "as-if-one" approach in the short term, while you plan for an "all-in-one" system in the future.

# BUILDING BLOCKS FOR A SUCCESSFUL INTEGRATION

### Define Internal Ownership

Your first step is to identify an internal team member who can be the voice of fundraising and finance. No matter how expert an external consultant, they do not know your data, business operations, and what's important to your mission. Many integrations fail because accountability is deferred to an outside party. Be a hero. Declare ownership.

### Begin With The End in Mind

How will you define success? Success metrics, such as improving fundraising operations by eliminating double data entry or creating more accurate and timely reports are important strategic goals. There is a lot of detail to hammer out between strategy and execution, so a shared vision of success for fundraising and finance—preferably with ability to report on return on investment—will make the challenges worthwhile.

### Recognize Key Differences Between Fundraising and Accounting Data Structures

Accounting systems and fundraising CRMs have very different database structures. An integration between a CRM and NetSuite can either connect primary constituent data (organizations, households, individual constituents) to parallel data in NetSuite, or calculate transactional data for a journal entry.

By integrating at the constituent level, you will be able to take advantage of the marketing strengths of a CRM system and the fundraising and finance reports of NetSuite. A simpler option is to integrate with aggregate transactional data; which will mean that NetSuite reports will not drill down to the individual constituent level, but will report on funds or other dimensions.

### Define Unique Data Identifiers

To match between systems, you will need to set up what is known as primary identifiers (keys or internal/external IDs) for unique information such as constituents or donations shared across systems. If you are using a CRM system to manage people, is this your system of record for donors and donations? What about online donations or information that is coming from volunteer systems? How do you uniquely identify a constituent? What about households? Should one system be the "master" for constituents and one be the "master" for contributions?

### Determine Timing

Do you want to integrate real-time, or will there be a nightly synchronization, or some interval in-between? What is the trigger for an integration, for example does a

synchronization occur every time a donation is made? How do you identify when a record has been updated, and in which system is an updated record considered the master?

## Define Directionality

Does one system contain master data that is pushed to a second system? Do you have master data in both systems but of unique kinds (such as all donations start in the CRM system and get pushed to NetSuite)? Or is it bi-directional? While it is possible to integrate bi-directionally, that ups the ante on managing unique information and puts a heavier burden on integration management.

## Map Data

Data mapping is the roll up your sleeves work that precedes automating fundraising operations. Common database mapping between systems includes the fields for donor, donation amount, campaign, appeal, fund/program, revenue type and revenue subtype. NetSuite uses a method called custom segmentation that simplifies and extends the Chart of Accounts.  Custom segments, sometimes known as dimensions, categorize transactions for compliance to include the fund/program as well as the revenue type and revenue subtype that identify revenue streams.

## Automate

There are multiple vendors and options available to automate an integration between NetSuite and other systems, from connectors to powerful cloud-based solutions, to options within NetSuite. Each choice will rely on your well thought out integration plan, so the more prepared you are internally, the faster and more accurate your integration outcome will be. Explore vendors for price points, knowledge of the nonprofit sector, and approach to integration. Look for vendors with flexible schemas and ask about how the integration will be maintained. NetSuite sales consultants will be happy to discuss your requirements and recommend vendor and implementation options to you.

## Manage Change

Once your integration is up and running, you will need to maintain and audit data between systems. Prepare to continuously change and adapt. It's normal to begin an integration and then realize that you'd like to add or delete an integration element. Consider using an integration solution that uses a flexible schema so that tracking new initiatives and workflow will be straightforward. You want to avoid an integration that is brittle, inflexible and expensive.

# CONCLUSION

**Set Yourself Up for SuiteSuccess**
Leverage the Power of NetSuite to Manage Your Mission

Let's take a quick look back at Ashley, our development assistant who lives a story all too common in nonprofits. What would it mean for your mission—and for her work satisfaction—if she spent her time communicating impact to donors rather than juggling spreadsheets?

With NetSuite, your nonprofit would be poised to:

- Align definitions of success across the organization by producing reports and KPIs that demonstrate financial compliance *and* fundraising metrics.

- Encourage donor and board dialogue about progress toward goals using scheduled reports for programs and grant milestones.

- Facilitate timely identification of successes and challenges with workflow alerts signaling campaign victories, and major donor alerts.

- Ground decisions in concrete data and evidence. Your funders, development team, finance staff, executive leadership and board will have the whole picture.

In other words, your focus would be on performance metrics and outcomes, rather than menial labor. No more double entry. Goodbye spreadsheet imports. Hello finance and fundraising collaboration that makes a difference. At the board level, the numbers would align, allowing your fundraising and finance team to focus on strategic reporting. At the constituent level, stewardship would be part of your organization's DNA and the cultivation of long-term donor relationships could build the foundation of support for generations. At the operational level, your matrixed teams could create dashboards, metrics and KPIs based on their roles and focus, so that data-driven decision making is visual and easy.

Now is the time to reflect on your fundraising operations. Will your "data sandwich" team continue to struggle to keep up with transactions, or is your nonprofit ready to take a first step toward a culture of operational excellence?

To learn more about NetSuite's solution for Nonprofits and SuiteSuccess, visit: www.netsuite.com/nonprofit.

## About the Author:

Cheryl Gipson is a veteran nonprofit technologist, with over 15 years serving the nonprofit sector. She speaks both fluent nonprofit and cloud technology, giving her a unique ability to break up fights between fundraisers and CFOs, as well to create products and deliver services that both teams love. In 2003, Cheryl led services and product for the first integrated CRM and online fundraising SaaS focused on nonprofits, Network for Good powered by Groundspring. At Convio, Cheryl was part of the leadership team that created Common Ground and Common Ground Online Fundraising, one of the first and most successful nonprofit solutions built on the Salesforce.com platform, acquired by Blackbaud. Cheryl continues this commitment to providing nonprofits with superior technology at NetSuite.

## About Oracle NetSuite:

Oracle NetSuite pioneered the Cloud Computing revolution in 1998, establishing the world's first company dedicated to delivering business applications over the internet. Today, it provides a suite of cloud-based financials/Enterprise Resource Planning (ERP), HR and omnichannel commerce software that runs the business of companies in more than 100 countries.