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Toolkit

A Pyramid Scheme for Technology **How to identify your IT needs and get money for them**

By Zach Goldstein & Theresa M. Ellis

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A Pyramid Scheme for Technology

How to identify your IT needs and get money for them

by ZACH GOLDSTEIN & THERESA M. ELLIS

When Tom Hamel became the director of operations for Generations Incorporated, the literacy nonprofit was poised to expand its programs by 600 percent. It was finally time to get rid of the poster board on the wall where staff had been recording student-mentor matches. Generations Incorporated needed a database.

But that was the least of its technology worries. Office computers were painfully slow and ridden with viruses. Staff members had resorted to printing every document in fear that their computers would crash. The organization spent many precious man-hours troubleshooting. “We were fighting fires when we should have been freeing people up to work on what they know best: our programs,” says Hamel.

The challenge at Generations Incorporated is a common reality in the nonprofit world. Technology holds great potential to make organizations more efficient and effective, but many nonprofits find it deeply confusing. And to make matters worse, few donors want to fund IT improvements.

Nevertheless, nonprofits *can* get tech projects off the ground if they frame their pitches correctly. Every organization adopts technology in

three stages: infrastructure, automation, and innovation. By understanding where a project falls on this technology pyramid (most nonprofits are working at the bottom on infrastructure), an organization can accurately communicate the project’s business value and significantly improve its chances of winning donor dollars.

Infrastructure

At Generations Incorporated, Hamel and Executive Director Mary Gunn knew they needed to invest in infrastructure because their computers were hampering staff rather than making them more efficient. Studies show that a typical nonprofit should expect to spend between 2.5 and 4.5 percent of its budget on technology expenditures – more than just an occasional expense.^{1,2} So when Generations Incorporated approached its funders, it didn’t ask for “tech dollars.” Instead, Gunn reshaped the budget to include technology costs as a normal part of running programs, just like rent. “When we submit a proposal, we don’t ask funders to support one line item or the other,” says Gunn. “We ask them to support the entire request.”

With funding secured, Generations Incorporated hired a part-time technology expert who replaced the

agency’s computers, added servers, and made files accessible to staff from outside the office. Hamel likens this investment to paying for health

insurance: “You can invest ahead of time or you can wait until you get hurt. But you’re going to pay for it one way or the other.”

Now Generations Incorporated has time to invest in long-term projects, such as measuring its impact. “[Data collection] feels like an impossible thing when you don’t have current equipment or software,” says Gunn. “But if you label your priorities and invest in stages, you’ll eventually get person-hours freed up.”

Automation

Once a stable infrastructure is in place, an organization is ready to adopt technology that speeds up its business processes. Five years ago, Building Educated Leaders for Life (BELL), a provider of afterschool and summer educational programs for children in low-income urban communities, tracked information about its 1,000 students on paper. “Almost everything was manual and personal,” says Jim Wind, BELL’s chief operating officer. “We knew most of our tutors and families by name.”

The 2002 No Child Left Behind Act inspired BELL to get ahead of the game. To attract federal dollars that would allow it to rapidly expand the scope of its programs, BELL would have to outcompete for-profit companies. The organization needed to gather more statistics on more children to demonstrate its impact, while following stricter government billing and compliance requirements. “In the past, we could handle the reporting

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requirements because the volume of paper was low," says Wind. "When it was time to produce reports, we would muscle them through manually. But as we began to consider scaling the organization, we needed a more efficient way of doing business."

The need for efficiency resonated clearly with donors. Rather than pitching "client-tracking software," BELL framed the software as an opportunity to save time, better understand students' responses to different curricula, and identify more quickly individuals who needed extra help. BELL argued that the technology would thus improve resource distribution and the quality of the program.

David Ford, executive director of the Smith Family Foundation, confirms that this type of pitch is effective: "We look for proposals that demonstrate how technology will enhance a nonprofit's ability to serve its clients." Proposals for automation projects, there-

Innovation

At the top of the pyramid, nonprofit executives with some technology expertise can employ IT as much more than an efficiency tool; they can use it as a program-delivery mechanism in and of itself, and even transform the way their organization operates.

In 2001, Boston-based Partners for Youth With Disabilities (PYD) began a project to turn the Internet into a gateway for homebound kids across the country. After 16 years of providing one-on-one and group mentoring programs, the agency began receiving inquiries from other cities and states. "We had a number of youth who could not participate in our programs as a result of health or transportation issues," says Maureen Gallagher, PYD's deputy director. "So we began to think about how we could transcend these physical barriers."

With more kids using computers, PYD pitched its donors a project called

from them. We couched the funding proposal within the mission and goals of the organization, rather than just applying for technology funding."

For this type of investment, framing is critical. "When we look at proposals for technology, we immediately jump to what's behind the technology," says Meg Morton, senior vice president of the Fidelity Foundation. "We are looking for organizations that can articulate how the investment will deepen and strengthen their service provision, and not just give them access to more computers."

Projects at the top of the pyramid can also fund new staff positions. PYD needed a trustworthy technology expert who could identify software that was PC and Macintosh compatible and would accommodate visually impaired users. In addition, the organization needed someone to keep the Web site fresh by regularly adding comments and answering questions. "We knew how to run a mentoring program, but not an online community," says Gallagher, who hired a technical expert and dedicated a staff person to post updates.

Partners Online has transformed PYD's ability to meet its mission, and is now an integral part of PYD's offerings: "It gives every youth, mentor, and parent who applies to our program an opportunity to connect to others right away."

Technology is undoubtedly complicated, but raising money for it doesn't have to be. By pitching well-planned investments that tie directly to its mission, an organization can climb the technology pyramid, improving its services as it goes. ■

1 Gartner Consulting, "2005 IT Financial Benchmarks" (Stamford, CT: Gartner Inc., 2005).

2 Common Impact survey on nonprofit technology spending, 2006.

How to Hire a Techie

1 Define your needs. It's hard to find an expert who is good at both troubleshooting networks and building databases, so create a job description that specifies only one of these tasks.

2 Talk to your peers. You can learn a lot from other nonprofits that have hired IT staff for similar needs. Check out the online community, such as www.techsoup.org, for tips or to pose questions.

3 Put communication skills first. It doesn't matter how skilled techies are if they don't speak your language. Test them in the interview by role-playing typical problems.

4 Find a technical match. Make sure the candidate is an expert with your current technology and will build new systems according to industry standards. Get a volunteer tech expert to sit in on the interview.

fore, should focus less on the software involved and more on projected results. "We don't see it as an investment in technology vs. program," Wind says. "The technology saves us time and helps us increase the quality of our services."

Partners Online, which would extend its mentoring services to the World Wide Web. "The cause was very compelling," says Gallagher. "We told a story about people who could not access our services and said that technology would take that barrier away