



High Impact CRM on a Budget: Customer Operations for Non-Profits

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Abstract - Nonprofits, unlike many enterprise companies, run on a very limited budget. Neither do they have strategic experience or the technical muscle to implement a successful CRM implementation. Most nonprofits don't have the budget to outsource their IT strategy and gain the know-how for a successful implementation. This paper is aimed at empowering nonprofits with the right knowledge to facilitate a successful CRM implementation on a budget. The paper considers the constraints different kinds of nonprofits have and explains the tradeoffs with all kinds of CRMs available in the market. The paper also explains how nonprofits can take advantage of the special discounts available to them, and what are some pitfalls to avoid while implementing a CRM.

Keywords: nonprofits, nonprofit CRM, CRM implementation, customer operations, Salesforce, low-cost CRM

Introduction

The success of a non-profit relies on building strong relationships with donors, volunteers, and other key supporters. But managing these connections effectively can be a challenge, especially as the organization grows. This is where a nonprofit CRM (Customer Relationship Management) software comes in.

CRMs in non-profits go beyond traditional sales-focused CRMs. It's a centralized platform designed to nurture the unique relationships that fuel your mission. It consolidates donor data, volunteer information, and communication history into a single, accessible hub.

The Customer in a non-profit organization is not merely the consumer of the product or service, but multiple stakeholders such as donors, partners, product/service users, fundraisers, volunteers, and community members.

According to a 2019 report by the National Council of Nonprofits, 92% of nonprofits operate with less than \$1 million a year in revenue [1]. This statistic indicates a significant portion of the nonprofit sector consists of small organizations.

With the limited funds that non-profits have, it's important that companies meticulously consider the following costs.

1. **Subscription Fees:** This is the ongoing cost of the CRM software itself. It can vary greatly depending on the features you need, the number of users, and the specific CRM provider. Prices typically range from around \$12 per user per month for basic solutions to upwards of \$300 per user per month for enterprise-level CRMs with advanced features.
2. **Implementation Costs:** These are one-time fees associated with getting the CRM up and running. They can include setup, data migration from your existing systems, configuration, and training for your team. This can range from a few thousand dollars to tens of thousands depending on the complexity of your setup and the level of customization you need.
3. **Reduced Productivity:** There can be a dip in productivity during the implementation phase as your team learns the new CRM system. This cost is hard to quantify but should be factored into your budget.
4. **Additional Integrations:** Many CRMs don't function in isolation and may need to be integrated with other software you use, such as email marketing or accounting tools. Integration fees can vary depending on the complexity of the integration.
5. **Customizations:** While most CRMs offer a good range of features out of the box, you might require customizations to perfectly fit your specific needs. Customization costs can vary depending on the complexity of the changes.

6. **Training Costs:** These costs typically include expenses related to training materials, instructor fees, employee time spent in training sessions, and any additional support or follow-up training required. Organizations may also need to consider indirect costs such as productivity loss during the training period.

An effective CRM implementation minimizes the costs and provides solutions to unique non-profit use cases with the constraints that non-profits have.

1. The Role of CRM in Non-Profits

Customer Relationship Management (CRM) systems play a crucial role in nonprofit organizations by helping them manage relationships with donors, volunteers, beneficiaries, and other stakeholders more effectively. Here are some key functions and roles of CRMs in nonprofits:

- **Donor Management:** CRMs allow nonprofits to track donor interactions, manage donation records, and segment donors based on their giving history and preferences. This helps in cultivating relationships with donors and maximizing fundraising efforts.
- **Volunteer Management:** Nonprofits can use CRMs to recruit, schedule, and communicate with volunteers more efficiently. CRMs can track volunteer skills, availability, and contributions, making it easier to match them with appropriate opportunities.
- **Event Management:** CRMs assist in planning, promoting, and managing events such as fundraisers, galas, and community outreach programs. They can track attendee information, registrations, and engagement before, during, and after events.
- **Communication and Engagement:** CRMs enable nonprofits to personalize communications with supporters through email, social media, and other channels. They can segment audiences based on interests and preferences, leading to more targeted and effective messaging.
- **Grant and Program Management:** Nonprofits can use CRMs to track grant opportunities, submissions, and outcomes. Additionally, CRMs help manage program data, participant information, and impact metrics, facilitating better program evaluation and reporting.
- **Analytics and Reporting:** CRMs provide insights into donor behavior, campaign effectiveness, and overall organizational performance through reporting and analytics tools. Nonprofits can use this data to make informed decisions, refine strategies, and demonstrate impact to stakeholders.
- **Integration with other systems:** CRMs often integrate with other software tools used by nonprofits, such as accounting software, marketing platforms, and online donation platforms. This streamlines data management and ensures consistency across different systems.
- **Specialized Use Cases:** Every Nonprofit is different in the way they operate and what they do, and this brings in scope for specialized use cases. CRMs should either offer specialized functionalities out of the box or should offer a platform to build the features as per the requirement. [2][3]

2. Defining Success for a CRM Implementation

Defining success for a CRM implementation involves setting clear goals, aligning expectations, and measuring outcomes against predefined criteria. Success can be defined in various ways depending on the objectives and priorities of the organization. Successful CRM implementations often involve achieving improvements in key areas such as customer satisfaction, operational efficiency, and revenue growth. The 2007 research on CRM success factors analysis emphasizes the importance of establishing specific, measurable, achievable, relevant, and time-bound (SMART) goals to guide the implementation process and evaluate its success.[4]

Moreover, success can also be measured by the extent to which the CRM system enhances collaboration and communication within the organization, as well as its ability to centralize data and provide actionable insights for decision-making. In the examination of CRM success factors, we emphasize the importance of user adoption and engagement in determining the success of CRM implementations. We recommend that organizations prioritize investment in training and support to ensure users comprehend the value of the CRM system and possess the necessary skills to effectively leverage its capabilities.[5]

Furthermore, the success of a CRM implementation may also be reflected in the achievement of specific business outcomes, such as increased sales, improved customer retention, or reduced costs. According to a report by McKinsey & Company (2021), organizations that successfully implement CRM systems often experience significant improvements in performance metrics such as customer lifetime value, sales conversion rates, and marketing return on investment.[6]

In summary, defining success for a CRM implementation requires a comprehensive understanding of organizational goals, stakeholder expectations, and key performance indicators. By setting clear objectives, measuring progress against predefined criteria, and continuously evaluating outcomes, organizations can ensure that their CRM implementations deliver tangible benefits and contribute to long-term success.

3. Generalized Vs Specialized CRMs:

Generalized and specialized CRMs each offer unique advantages and are suited to different organizational needs and contexts. Generalized CRMs, such as Salesforce or HubSpot, provide broad functionality designed to meet the needs of a wide range of industries and use cases. They typically offer modules for sales automation, marketing automation, customer service, and analytics. These CRMs are highly customizable, allowing organizations to configure them to match their specific workflows and processes. They are particularly suitable for businesses with diverse operations or those looking for a flexible solution that can adapt to evolving needs. However, customization efforts can sometimes be time-consuming and require expertise, and organizations may end up paying for features they don't need.

On the other hand, specialized CRMs, like NeonCRM for nonprofits or LegalTrek for law firms, are tailored to meet the unique requirements

of specific industries or niche markets. These CRMs often come with pre-built features and templates designed to address industry-specific challenges and compliance requirements. They may also offer integrations with industry-specific tools and databases, streamlining workflows and enhancing productivity. Specialized CRMs typically require less customization and are quicker to implement compared to generalized CRMs, saving time and resources. However, they may lack the flexibility and scalability of generalized CRMs, limiting their suitability for organizations with diverse needs or those operating in multiple industries.

In conclusion, the choice between a generalized and specialized CRM depends on factors such as industry, organizational complexity, and specific requirements. Generalized CRMs offer flexibility and customization options suited to diverse needs but may require more effort to tailor to specific use cases. Specialized CRMs provide out-of-the-box solutions tailored to industry-specific needs, offering quicker implementation and reduced customization requirements. Ultimately, organizations should carefully evaluate their priorities and objectives to determine which type of CRM best aligns with their goals and budget constraints.[7]

4. Customizable Vs Out-of-the-box CRMs

Each approach has its advantages and drawbacks, and understanding these differences is crucial for making an informed decision.

Out-of-the-box CRMs, also known as pre-packaged or off-the-shelf solutions, are ready-made platforms that come with pre-configured features and functionalities. These CRMs are designed to cater to a broad range of industries and business needs, providing a quick and straightforward solution for organizations looking to implement a CRM system without extensive customization. Examples of popular out-of-the-box CRMs include Salesforce, HubSpot, and Zoho CRM.

One of the primary advantages of out-of-the-box CRMs is their ease of implementation. Since these systems are pre-configured, organizations can get up and running quickly without the need for extensive customization or development work. Additionally, out-of-the-box CRMs often come with user-friendly interfaces and intuitive workflows, making them accessible to users with varying levels of technical expertise.

Furthermore, out-of-the-box CRMs typically offer a range of built-in features and integrations, allowing organizations to leverage functionalities such as contact management, sales automation, marketing automation, and reporting right out of the box. This can be particularly beneficial for small to medium-sized organizations with limited resources or technical capabilities.

However, the downside of out-of-the-box CRMs is their lack of flexibility and customization options. Since these systems are designed to cater to a wide audience, they may not always align perfectly with the specific needs and workflows of every organization. Customization options are often limited, and organizations may find themselves constrained by the predefined features and functionalities of the CRM.[8]

On the other hand, customizable CRMs offer organizations the ability to tailor the system to their unique requirements and business processes. These CRMs provide a high degree of flexibility, allowing organizations to customize everything from data fields and workflows to user interfaces and reporting dashboards. Customizable CRMs are typically built on flexible platforms that support extensive customization and integration capabilities.

One of the key benefits of customizable CRMs is their ability to adapt to evolving business needs. Organizations can modify the CRM system as their requirements change, ensuring that the system remains aligned with their goals and objectives over time. Additionally, customizable CRMs enable organizations to create a more tailored user experience, optimizing productivity and user adoption.

However, customizable CRMs also come with certain challenges. The customization process can be time-consuming and costly, requiring organizations to invest in skilled developers or consultants to implement and maintain the system. Moreover, extensive customization can increase the complexity of the CRM, potentially leading to usability issues or technical challenges.[9]

In conclusion, the choice between customizable and out-of-the-box CRMs depends on the specific needs, resources, and preferences of each organization. Out-of-the-box CRMs offer a quick and easy solution for organizations looking to implement a CRM system with minimal customization. On the other hand, customizable CRMs provide greater flexibility and control, allowing organizations to tailor the system to their unique requirements. By carefully evaluating the pros and cons of each approach, organizations can choose the CRM solution that best aligns with their goals and objectives.

5. One CRM Vs Multiple CRMs:

Implementing a single CRM solution versus multiple CRM solutions presents organizations with distinct considerations and challenges. Implementing a single CRM solution will lead to centralize data, streamline processes, and ensure consistency across the organization. By consolidating onto a single platform, organizations can achieve greater visibility into customer interactions, improve collaboration among teams, and simplify IT management.

Furthermore, implementing a single CRM solution can lead to cost savings and operational efficiencies. Companies can save costs due to reduced licensing fees, implementation costs, training costs and maintenance overhead associated with managing multiple CRM systems. This approach allows organizations to standardize workflows, training programs, and support processes, leading to a more cohesive and integrated approach to customer relationship management.

However, implementing a single CRM solution may also pose challenges, particularly for large or complex organizations with diverse

business units or specialized requirements. Nonprofits may encounter resistance from different stakeholders or departments reluctant to give up their existing CRM systems or workflows. Additionally, organizations must carefully evaluate the scalability, flexibility, and customization capabilities of the chosen CRM solution to ensure it can accommodate evolving business needs and growth objectives.[10]

On the other hand, implementing multiple CRM solutions may be necessary in certain scenarios, such as when different business units or departments have unique requirements or operate autonomously. However, managing multiple CRM systems can lead to data silos, interoperability issues, and increased complexity, requiring organizations to invest in integration tools, data governance frameworks, and change management processes.

In conclusion, the decision to implement a single CRM solution versus multiple CRM solutions depends on various factors, including organizational structure, business objectives, and technological capabilities. By carefully evaluating the pros and cons of each approach and aligning CRM strategies with broader organizational goals, organizations can maximize the benefits of CRM implementation and drive sustainable growth and success.

6. Special Pricing for Non-Profits:

Nonprofits often benefit from discounts and special pricing offered by software vendors for CRM and other technology tools. These discounts stem from the recognition that nonprofits operate with limited budgets and are dedicated to serving their communities rather than generating profits. Many leading CRM providers, such as Salesforce, Microsoft, and HubSpot, offer discounted or even free licenses for their software to qualifying nonprofit organizations.

These discounts enable nonprofits to access powerful CRM solutions and other technology tools at a fraction of the cost that commercial entities pay. By leveraging these discounts, nonprofits can implement robust CRM systems and IT infrastructure to streamline their operations, enhance their efficiency, and better serve their constituents.

One way nonprofits can leverage these discounts is by carefully researching and identifying software vendors that offer special pricing for nonprofits. Organizations should reach out to these vendors directly to inquire about available discounts and eligibility criteria. Many vendors have dedicated programs or initiatives for nonprofits, providing access to discounted or donated software licenses.

Additionally, nonprofits can collaborate with technology partners and consultants who specialize in serving the nonprofit sector. These experts can help nonprofits navigate the process of selecting, implementing, and optimizing CRM systems and other technology solutions. They can also provide valuable insights and guidance on leveraging discounts and maximizing the benefits of technology investments.

Furthermore, nonprofits can explore opportunities for bundling or integrating CRM software with other technology tools and services. By consolidating their IT infrastructure and leveraging bundled offerings, nonprofits can further reduce costs and streamline their operations. This approach also ensures compatibility and interoperability between different systems, enhancing data management and reporting capabilities.

In summary, discounts for CRM software and other technology tools offer valuable opportunities for nonprofits to access essential resources at affordable prices. By leveraging these discounts effectively, nonprofits can implement robust CRM systems and IT infrastructure to support their mission-driven work and maximize their impact on the communities they serve.[11]

7. Cost breakdown:

The following table gives a sizing estimation of costs incurred while implementing a CRM, and ways to optimize costs for each parameter. It must be noted that there's always a trade-off in trying to reduce costs in each parameter. A successful CRM implementation strategy would require that the nonprofit find the right balance.[12]

Cost Rating	Cost Category	Cost Reduction Strategies
High	Software License Fees	Negotiate with vendors for discounted rates or explore open-source CRM solutions. Consider opting for cloud-based subscription models instead of upfront licensing fees to spread costs over time.
Medium	Implementation Services	Prioritize essential features and functionalities to reduce customization and implementation complexity. Utilize in-house expertise or train internal staff to minimize reliance on external consultants.
Low	Training and Support	Leverage vendor-provided training materials and online resources. Implement train-the-trainer programs to cascade knowledge throughout the organization. Utilize user communities and forums for peer-to-peer support.
Very High	Customization and Integration	Standardize processes and workflows to minimize the need for extensive customization. Explore pre-built integrations and APIs to connect CRM with existing systems and tools. Consider phased implementation to spread out customization costs over time.
Medium	Data Migration	Cleanse and consolidate data before migration to reduce the volume of data and minimize migration efforts. Utilize automated tools and scripts for data mapping and transformation. Validate migrated data through rigorous testing to identify and address any issues early on.
High	Software Maintenance	Opt for a CRM that the users are comfortable with. These costs pile up as more human effort is required to do the routine CRM tasks. An ideal CRM would have easy ways to perform tasks that the nonprofit needs to perform

8. Where can cost-cutting go wrong:

The decision-making around picking the right CRM for your nonprofit revolves around finding the right balance. Trying to minimize costs in one area can lead to a significant increase in costs in other areas. Hence, for a successful CRM implementation, avoid the following pitfalls.

9.1. Opting for a Generalized CRM for Specific Use Cases

For a nonprofit that has industry or domain-specific use cases, a generalized CRM would be a costly implementation. While the generalized CRM could be great for basic use cases such as Sales, Marketing, and Service, customizing or building industry-specific use cases could cost the nonprofit a significant amount of time, money, and effort. Depending on the size and variety of use cases a nonprofit has, it might make sense to have multiple CRMs, both generalized and specialized work together, however, a right balance in cost-to-benefit ratio should be established. The costs will come from software license fees, custom use cases, integration engineering fees, and software maintenance fees.

9.2. Opting for free or low-cost license CRMs that aren't a good fit.

CRM software license fee is one of the major costs driving the cost of implementation of CRM, however, the low-cost CRMs could eventually cost more to implement. The costs could pile up because of the following reasons.[13]

- High engineering cost to build functions on top of a customizable CRM.
- High cost of maintaining the CRMs as the software might require highly skilled workers for daily tasks such as reporting, data ingestion or sales processes.
- High cost to train employees on the CRM as the software could have complicated functions.

9.3. Opting for Out of the Box CRMs for a nonprofit with unique CRM requirements

Out-of-the-box CRMs could be great for nonprofits with a limited scope of use cases, when the CRM offering matches the requirement, however, Out-of-the-box CRMs are not flexible and it's not often possible to build functionalities on top of what is offered by the CRM.

9.4. Opting for customizable CRM for a nonprofit with industry-specific use cases only

This would be the opposite of the previous case. Customizing a CRM has engineering, implementation, and maintenance costs. If a nonprofit can work with a CRM that has prebuilt functionalities that match its requirements, spending on customizing and building upon a customizable CRM platform will be a costly and inefficient option.

9.5. Opting for Out-of-the-Box CRMs for a Nonprofit with Unique CRM Requirements

Out-of-the-box CRMs are not flexible to adapt to unique requirements. Nonprofits may see these CRMs as a great solution for their use cases, however, may realize a couple of years down the line that it would have been better off with a customizable CRM as it might provide a unified platform for multiple use cases. If the company expects some limited standard industry CRM use cases to add up in the future, running multiple CRMs can be an ideal option. Future forward thinking is necessary as reversing or changing CRM architecture decisions is very costly.

9. Conclusion

The adoption of Customer Relationship Management (CRM) systems holds immense potential for non-profit organizations seeking to strengthen their connections with stakeholders, optimize operations, and maximize impact. As highlighted throughout this paper, CRMs offer a centralized platform tailored to the unique needs of non-profits, enabling them to effectively manage relationships with donors, volunteers, beneficiaries, and other stakeholders.

One of the key challenges facing non-profits is navigating the costs associated with CRM implementation. From subscription fees to implementation costs and ongoing maintenance, managing these expenses requires careful planning and consideration. However, by leveraging discounts for non-profits, negotiating with vendors, and prioritizing essential features, organizations can minimize costs while maximizing the benefits of CRM adoption.

Furthermore, the choice between generalized and specialized CRMs, as well as customizable and out-of-the-box solutions, presents organizations with important considerations. While generalized CRMs offer flexibility and broad functionality, specialized CRMs cater to industry-specific needs, and customizable solutions provide the ability to tailor the system to unique requirements. By carefully evaluating their priorities, resources, and long-term objectives, non-profits can select the CRM solution that best aligns with their goals and budget constraints.

The decision-making process surrounding the selection of a CRM system for non-profit organizations demands a delicate balance between various factors. While minimizing costs may seem like a prudent approach, it's crucial to avoid pitfalls that could ultimately lead to higher expenses and inefficiencies. For instance, opting for a generalized CRM for specific use cases might initially appear cost-effective, but the customization and integration requirements could escalate expenses significantly. Similarly, choosing free or low-cost license CRMs that

don't align with the organization's needs can result in hidden costs associated with engineering, maintenance, and employee training. Furthermore, the decision to use out-of-the-box CRMs for unique requirements or investing in customizable CRMs for industry-specific use cases requires careful consideration to strike the right balance between flexibility and cost-effectiveness. By avoiding these pitfalls and adopting a forward-thinking approach, non-profits can ensure that their CRM implementation efforts yield long-term benefits and support their mission effectively.

Ultimately, the successful adoption of CRM systems requires a strategic approach, ongoing evaluation, and a commitment to continuous improvement. By investing in the right technology, training, and support, non-profits can unlock the full potential of CRM systems to advance their missions, engage their communities, and create positive social change.

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