



# The Case for a Strategic Technology Plan

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Providing nonprofit organizations and their  
supporters with the business and management  
skills they need to carry out their missions



## INTRODUCTION

In the beginning there was the stand-alone computer. Then there were local-area networks. Then email appeared. Today, new combinations of hardware and software have dramatically transformed the operations of many nonprofits.

Once a marginal part of the business, technology now plays a starring role in helping many nonprofits achieve their mission. There is a growing belief that having the “right” technology is just as critical to an organization’s effectiveness as having the “right” accounting systems and the “right” professional staffing.

Yet in TDC’s experience, organizations in the nonprofit sector still lag behind the for-profit sector in leveraging technology to achieve their core missions and optimize their day-to-day operations. As a result, many nonprofits – and not always just the smallest ones – have missed the opportunity to make the types of technology investments that would move the organization forward, rather than just maintain the status quo.

## IF IT AIN’T BROKE, DON’T FIX IT?

In today’s challenging economic climate, we know that it is hard for nonprofits to think about technology investments while they are struggling to maintain core services and staffing levels. As they try to run “lean and mean,” organizations sometimes consciously opt to save cash by deferring new technology purchases for as long as possible, hoping that it will be a while before the next crisis arises or a key system fails.

Recognizing that it is easy to fall into this mindset, TDC believes that organizations that defer technology investments in this way pay a very high price in the long run. By routinely allowing technical systems to falter and fail, these organizations undermine both their productivity and effective service delivery. When these systems fail, the costs to organizations are real. In some cases, the costs are easy to quantify: If a fundraising database becomes corrupted in the midst of your annual fund drive, you will see and feel the impact on your bottom line. But other costs are more subtle and hard to quantify. Some of these “invisible” costs are internal, such as staff time wasted on waiting for the next fix. Others are external, such as the damage to your reputation that occurs when you can’t meet the needs of constituents because your systems are down.

Organizations that decide to let crises dictate the timing of

their technology investments also forgo the luxury of making thoughtful, cost-effective decisions. When the next emergency strikes, these nonprofits must scramble to install a new solution as quickly as possible. As a result, they often do not clarify their own system requirements, compare prices among vendors, or identify sources of discount equipment for nonprofits. Because these steps are skipped in the rush to fix the problem, nonprofits can easily wind up with expensive solutions that do not meet their long-term needs in an effective way.

The net result of the “if it ain’t broke, don’t fix it” mindset is that many nonprofits are not spending their technology investment dollars to best advantage.

## THE BENEFITS OF A PROACTIVE PLAN

Proactive technology planning is the best way to ensure that you receive the highest return on each and every one of your limited technology dollars. By taking the time to create a long-term strategy, you can help yourself make better choices and avoid the pitfalls of the reactive approach to technology investments.

At its core, a good technology plan will focus your attention on three key areas:

- **Putting technology in service of your mission.** Your mission should always drive your technology plan. While this may seem obvious, our experience shows that organizations often neglect to clarify their own mission and goals prior to starting the process. When this happens, nonprofits forget to ask: How does technology support our mission, our program goals, and our core functions? Your plan should articulate goals first, and then define the technology to support them.
- **Collecting and leveraging data effectively.** With a clearly defined mission and goals, it is much easier to decide what data you need to capture – and more importantly, how you will use it to inform your work. Nonprofits that take the time to understand the information needs across the organization make smarter decisions about data management because they don’t spend time replicating systems or collecting data they can’t use.

- **Identifying the total value of ownership.** A technology plan should articulate the value that your organization will receive from the proposed technology investments. Be sure to define a vision for how technology will enhance your work, such as improving communication, increasing productivity, or enhancing program delivery. If you can't make a case for the total value of ownership, you should not make the investment.

## SETTING INVESTMENT PRIORITIES

Organizations are often challenged by the task of turning these big-picture goals into a long-range plan that phases in technology investments over time. Simply put, it is hard to align short-term tactical needs with the longer term vision that is being developed. You may find yourself trying to decide whether to prioritize one investment that would alleviate a short-term pain, such as a constantly crashing network, and another that would let you realize a long-cherished dream, such as a revamped web site. How to choose?

As your organization starts to prioritize, it can be helpful to think about how your potential technology investments fall across the spectrum. In our experience, most technology investments break down into three main categories:

- **Basic infrastructure:** A solid technical infrastructure is an absolute prerequisite for success. Before you do anything else, be sure to have the basics covered, such as adequate bandwidth, a functioning network, and computers that don't need constant rebooting. Infrastructure also includes protection against infrequent but devastating problems, such as hackers and viruses. If you are missing this foundation, you will not be able to take on complex – and higher return – projects.
- **Mission-critical functions:** Every organization has a few key places where it relies on technology to accomplish truly core tasks. For example, a theater must have a functioning ticketing system that allows it to sell seats, print tickets and track seat inventory. Without this system, the theater is not in business. The technology supporting these functions does not necessarily have to be state-of-the-art, but it must be reliable and allow the organization to “do the job right.”

- **Transforming investments:** Then there are the technologies that have the potential to completely change the way in which the organization thinks and operates. As an example, many nonprofits inadvertently create multiple databases to track participants in each of their different programs, making it impossible to gain a holistic view of the customer base. If a nonprofit invested in a centralized database to track all program participants, it would be able to segment its customers and potentially cross-market to them in new, innovative ways.

As you place your proposed investments on this spectrum, your top priority should be to ensure that your basic infrastructure needs are met. After this is addressed, you will want to pick from among the mission-critical functions and transforming investments, looking for those that will bring the highest value and align best with your mission.

## SETTING REALISTIC EXPECTATIONS: THE TOTAL COST OF OWNERSHIP

As you start to prioritize and sequence your investments, be very realistic about the costs. One common mistake that organizations make is to build budgets only based on the initial purchase costs of hardware and software. Nonprofits that take this “shop and stop” strategy ignore the substantial ongoing operating costs that they will incur for staff training, hardware maintenance, software upgrades, and technical support.

Ideally, your organization will think in terms of the total cost of ownership, which means that you will anticipate and budget for both the one-time expenses and the annual operating costs of your technical systems. In some ways, this is no different from buying a car: Even if you buy the best-built car available, you won't get very far if you don't know how to drive it, you can't pay for repairs and you don't have money for gas.

If you pay attention to both types of costs, you will create an environment that lets you get the most out of your technology investments. For example, by investing in ongoing training, you will have a staff that uses the technology appropriately and effectively. And by investing in maintenance and technical support, you help to minimize downtime and maximize productivity. Your strategy should include a technology support plan with a defined budget for all these crucial ongoing costs.

One final note here: When thinking about the total cost of ownership, don't forget to weigh the costs against the total

value of ownership that you defined at the beginning. Be sure to ask yourself: Is the value that we will receive worth the cost? If it's not, you may need to find a different – and less expensive – approach. Never make your decision solely based on price: Organizations that use cost as the sole criteria will miss huge opportunities to create a competitive advantage through technology.

## MOVING FORWARD: TIPS FOR THE PLANNING PROCESS

In spite of all these compelling reasons to create a technology plan, we know that many nonprofit executives still avoid it, usually for very human reasons. Many senior managers are not intimate or fluent on technology issues. Not surprisingly, it's hard to get motivated to lead a planning process in an "alien territory" where you don't speak the language. And if this isn't a big enough deterrent, other executives get stopped in their tracks by either sticker-shock or an overwhelming anxiety that making the wrong investment is far worse than doing nothing at all.

How can you overcome these roadblocks and really engage yourself and your organization in a planning process? Based on our experiences, here are a few suggestions for ways to move beyond the "fear factor" and start planning:

- **Talk to stakeholders.** A technology plan should take a holistic view of technology needs across your entire organization. Be sure that you canvass all your stakeholders – staff, board members, consumers and volunteers. Their vision and ideas may inspire you and remind you why planning is vital!
- **Build your team.** Don't go it alone – create a small planning team that will work with you to develop the technology plan and oversee its implementation. Be sure to select individuals who bring a mix of needed skills the planning process: a commitment to the mission, a good sense of strategy, and technical know-how.
- **Get an outside perspective.** There will be moments in the process where you will need an outside voice, whether from a board member or a specialist. Sometimes resource allocation decisions can be contentious or difficult, and it takes an impartial observer to help negotiate an agreement. At other times, outsiders bring a much-needed technical expertise or a strategic perspective.

- **Stay flexible.** As you embark on your planning process, remember that any meaningful technology plan must be dynamic, not a "perfect" document written in stone. Over time, you will be reviewing and updating your plan at regular intervals to be sure that it accurately reflects shifts in your environment, whether they come from new organizational goals or from emerging technologies.

## KEEP YOUR EYES ON THE PRIZE

TDC can point to many clients with whom we have worked—some of them initially apprehensive—who have successfully completed and implemented a technology plan. These agencies have seen how a thoughtful approach to technology investments has truly helped them to achieve their goals more efficiently and effectively. We hope that their successes inspire your organization to take up the challenge of technology planning.



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