

Back Away From That Spreadsheet

Why Nonprofits Should Not Use Excel as Their Donor Database

Every nonprofit needs to keep track of donors and gifts. Many of the small nonprofits I've worked with start out using Excel for this. It seems like a good idea at the time: you already have a copy, you know how to use it, it's quick and easy and good at math. But resist that urge. Put down that spreadsheet and get a database that is designed to track donations.

Excel is great with numbers, and can track small groups of prospects or activities. But it has some critical limitations. Most notably, Excel stores information in what's called a "flat file" database. This means it's not designed to handle relationships between data, such as when one record (like a donor) needs to link to several other records (like gifts). And it doesn't provide a wide variety of features that make tracking more efficient and less error prone. What does this mean for you in practice?

- It's difficult to track multiple gifts from the same person in Excel. As soon as you get another gift from the same person you must either add a new column for the gift or add a new row for the donor. Adding a new column makes it hard to total and to find gifts by date, but if you include the donor in your spreadsheet more than once, the list becomes difficult to use for mailings.
- Similarly, you have to add a new column for every new piece of contact information, so even if only one person on your list has three email addresses you will need three email columns.
- You cannot easily link pledges to payments, or track "soft credits," such as crediting individuals for corporate matches or gifts made through their family foundations.
- Tracking relationships is an important aspect of major gifts work, and can help with foundation and corporate fundraising. Excel is not designed to track relationships between constituents, such as spouses with separate records, members of households, or employment relationships.
- My personal Fourth Law of Thermodynamics says that databases will turn to piles of mush (to use the technical term) without constant vigilance. Wherever possible, the database itself should help you with this task. For instance, it should only allow users to enter real 2-character State codes for U.S. addresses, only allow legitimate fund codes and appeal codes, require that U.S. area codes have three numeric digits, and

keep letters out of numeric fields. Excel does not provide a rich array of tools to maintain data integrity.

- Excel will not notify you of upcoming tasks, like a tickler to remind you to follow up with a prospect, submit a grant application, or send a birthday card. Nor will it alert you to move someone to a lifetime giving club when their cumulative donations reach over \$X (e.g., \$100,000). It can also be cumbersome to analyze Excel data for complex patterns, such as looking for donors have given for over five years, have a cumulative giving level of over \$10,000, and attended more than two of your events.
- Security, reporting, and ad hoc query options are limited. Anyone who can update your spreadsheet can update everything. It is easy to hit the wrong key and accidentally delete or change data. If you don't catch an error right away, you had better have a good, recent backup on hand.
- Finally, if your fundraising program is successful, your spreadsheet can grow impractically large. Spreadsheets with thousands and thousands of records become hard to view, print, or manipulate.

I have seen clever people develop workarounds for many of these issues. But they were often complex and not something a casual user could do. An enormous, complex spreadsheets that is so delicate that only one staff member can touch it doesn't provide the infrastructure an organization needs for successful fundraising.

Your donor database should be your institutional memory. It should make it easy for you to look up donors, view giving histories, understand relationships, and analyze trends. It should help your fundraisers work more effectively. It should be an aid, not a chore.

I recently saw a webinar advertised by a database vendor with the marketing tagline, "Friends don't let friends use Excel to manage fundraising campaigns." I agree. Excel is a great tool, but it is not a donor database.