

Reducing nonprofits' IT expenses

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With the economy hurting nonprofits' donor bases, it is more important than ever for charities to reduce expenses and allocate the optimal amount of resources to achieving their missions.

By evaluating their existing information-technology environment, nonprofits can identify inefficiencies and develop a road map that will lead them to significant cost savings and increased productivity.

Look for excess and inefficiencies

Nonprofits often experience technology gaps and inefficiencies as a result of outdated technology, inefficient use of technology or overinvestment in technology.

These oversights can inhibit both productivity and profitability, so it is important for nonprofits to examine their existing technology environment to identify opportunities for improvement.

During the assessment, look for faulty configurations, procedural bottlenecks, investments in unnecessary technology, redundancies or obsolescence, and inadequate security.

Given that each of these represents an opportunity for improvement and potential costs savings, making necessary changes can position the organization for future growth and success.

As for the nonprofit's financial, management and operational software, it is important to consider whether or not the applications are up-to-date and have all necessary features, such as donor and membership management and fund accounting.

This type of application needs analysis can help nonprofits determine whether or not new software is necessary, an exercise that could lead to cost savings.

Evaluate the user experience

After examining the physical components of an organization's IT structure, such as hardware and software, it is important to evaluate the user experience.

There is a lot to be learned from something as simple as asking staff how they use technology.

Look for processes that staff currently perform manually that could be automated, and identify software features that are underutilized.

It is common that organizations purchase financial, management and operational software that has features they either are unaware of or are unfamiliar with.

By taking advantage of these features, it is possible to boost the staff's experience using the technology and thus increase efficiency.

Review existing vendor contracts

The current economic climate represents a tremendous opportunity for nonprofit to reduce their expenses by doing something as simple as renegotiating their vendor contracts.

Most third-party IT companies are understanding of the economy's harsh impact on nonprofits and are willing to help them weather the storm.

In addition to renegotiating existing contracts and seeking flat-fee, all-inclusive contracts for IT support, it is crucial to review invoices from current vendors and assess recent charges.

For example, some IT support vendors charge their clients in minimum time increments. This means that a task that only took 10 minutes may be billed as taking 1 hour, if that is their smallest billable increment.

A thorough review can help nonprofits to better understand their IT needs and evaluate the associated expenses.

IT is an integral part of a nonprofit's infrastructure and day-to-day operations.

By examining its current IT structure, future needs and user experience, a nonprofit can save money, become more efficient and allocate an increased percentage of its resources to achieving its mission.

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