THE SECRET OF ONLINE SUCCESS: WHY STRUCTURE MATTERS

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INTRODUCTION

With decades of experience to draw from, today's nonprofits have effectively aligned their limited staff and resources around their traditional fundraising, direct mail, and advocacy programs. Only within the past several years has the Internet become a critical component for driving meaningful results in these areas. Given the rate of change in this constantly evolving medium, many nonprofits' online marketing programs have evolved organically without significant forethought as to how their staff should be structured, or the interactive skills required to be successful online.

Due to the relative infancy of nonprofit online marketing, little research has been conducted around how organizations within the nonprofit sector align their resources for optimal results. As a result, many nonprofit organizations have questions regarding:

- How big should my online marketing staff be?

- What is the mix of interactive marketing skills my staff should have?

- How should my online marketing staff fit into my organizational structure?

To answer this, Convio — the leading provider of online constituent relationship management (CRM) software solutions for nonprofits — surveyed nonprofit organizations to learn more about how organizations are staffed for success. Over 60 participants completed the anonymous survey via links on Progressive Exchange, the Direct Marketers Association Nonprofit Federation (DMANF) monthly newsletter, the Nonprofit Technology Network (NTEN) blog, and via links on the Convio Community website. Arguably with a sample of 60 nonprofit organizations, the results of this study are by no means definitive. However, the study does identify several emerging themes that impact all nonprofits regardless of how their organization is structured.

According to the survey findings, small to mid-sized nonprofits, those with less than $20 million in annual revenue, have between one to three staff members dedicated to online projects and initiatives. It is no surprise that as organizations grow in size and sophistication, so does their online staff. The largest nonprofits, those with over $100 million in annual revenue, averaged seven full-time staff working on online initiatives each week. Depending on the mix of skills your online team has, nonprofit staff may be supplemented by outside contractors or consultants on an ad-hoc or permanent basis. As a result, smaller organizations have a higher percentage of contractor hours as seen in Figure 1.
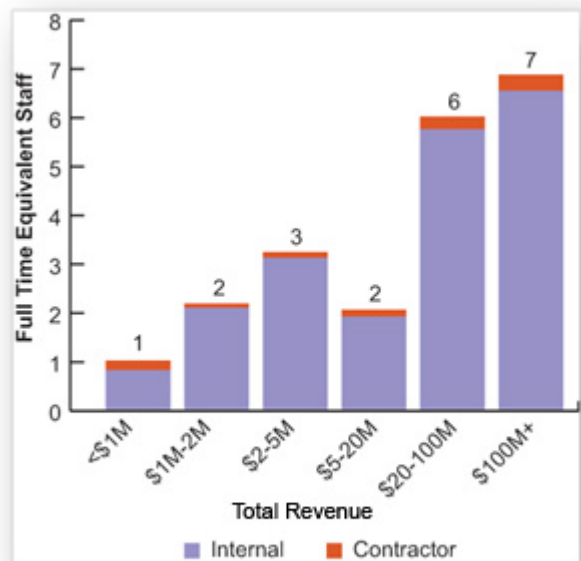

Figure 1

THEME #1: Nonprofit Organizations are Resource Constrained

According to the survey, the most common response to what their organization's top barrier to success was insufficient staff. In fact, 90 percent of organizations cited insufficient staff, budget constraints (64 percent), and lack of online expertise (29 percent), both of which are also resource constraints (See Figure 2). With constrained resources nonprofits must make trade-offs regarding what projects, events, and activities they will take on and which they will have to pass up.

According to the survey results, nearly 70 percent of organizations have three or fewer staff dedicated to online programs and activities. While it may be understandable organizations with less than three employees dedicated to online activities feel they need more staff, the feeling of resource constraints was not limited to just smaller organizations. According to the survey results, 71 percent of organizations with 10 or more staff dedicated to online activities, and 92 percent of organizations with revenue of $100 million or more, also cited insufficient staff as the primary barrier to their organization's success. So clearly, there is a feeling that regardless of the size of the organization, you can never have enough people.

However, having the right people is just as important as having more people. Along with evaluating the size of your online team, it is equally as important to evaluate the skill mix that your team possesses (See Figure 3). According to the survey results, online staff spends an average of 28 percent of their time on web administration followed by creative/design (24 percent), campaign management (15 percent) strategy (15 percent), analysis (11 percent) and usability (7 percent).

The challenge here is that if your organization only has one or two employees dedicated to online, this diverse set of skills may not exist entirely in-house. An employee well-versed in managing the nonprofit's website may not have the ability to analyze campaign results or have the vision to develop the online strategy and marketing plan. As a result, these organizations either do not perform these types of activities, or may have to turn to contractors and consultants outside of their
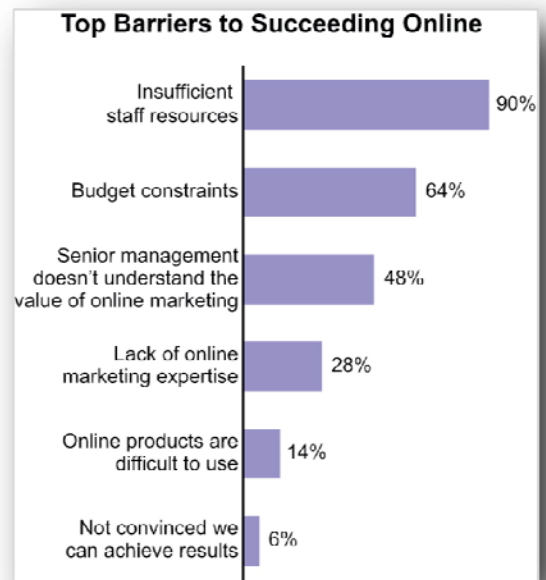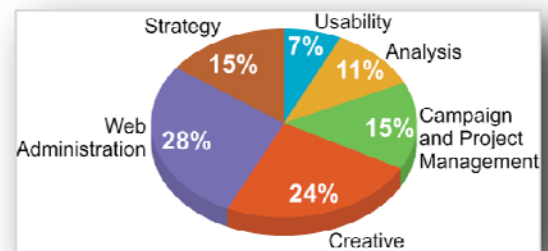

Figure 2

Figure 3

Glossary	
Strategy	Activities relating to Internet planning and prioritization
Web Administration	The technical administration of online tools including the website
Creative	The concepting, copy writing, graphic design and other creative elements required to execute online marketing campaigns
Campaign/Project Management	The tasks and organization required to manage all the elements needed to create and launch a marketing campaign
Analysis	The interpretation of results related to online campaigns or other interactive marketing initiatives
Usability	Optimizing the end user experience on your website or other online aspects of your online marketing programs

organization to provide these key online skills. Conversely, organizations with larger online teams have the luxury to be able to develop specializations in each of these key areas.

According to the survey, small organizations (those with less than $1 million annual revenue) relied on contractors outside their organization for 28 percent of the time spent on online programs each week compared to just 5 percent for the largest organizations.

With both headcount and time being finite and constrained resources, nonprofit organizations need to regularly audit not only the time spent, but the mix of activities they spend it on to ensure both are being used as effectively as possible. If you do not have the correct mix of skills or people in-house consider adding additional staff or outside contractors and consultants as appropriate.

THEME #2: Organizational Structure Matters

Whether intended or through organic evolution, organizations tend to organize their online resources into one of three organizational structures. The most common are the Centralized, Decentralized, and Hybrid organizational models. In a Centralized model, all of the staff working on online programs and activities is consolidated into a single department reporting to a single leader responsible for online programs — whether that person is in Development, IT, Marketing, Advocacy or some other function.

Centralized: All the people who work on online programs are consolidated into a single department

Decentralized: All the people who work on online programs are spread across different departments

Hybrid: The people who work on online programs are mostly consolidated into a single department, but there are also others outside the department

The Decentralized model has no common hub, so staff working on online initiatives may be spread across several different departments. For instance, a person in marketing may do the design, while someone in IT is responsible for the website, and another person in Development is coming up with the content.

The Hybrid model is a combination of the two, with a majority of the staff consolidated in a single department, but some of the staff located in other departments. For example, the majority of staff in a Hybrid model may be centralized in Marketing, with the exception of web content administrator being done in the IT department.

According to the survey results, 20 percent of nonprofit organizations currently are organized in a Centralized model. Nearly double that, or 39 percent are organized in a Decentralized model, and 41 percent have a Hybrid of the two (See Figure 4). It is not surprising that with fewer
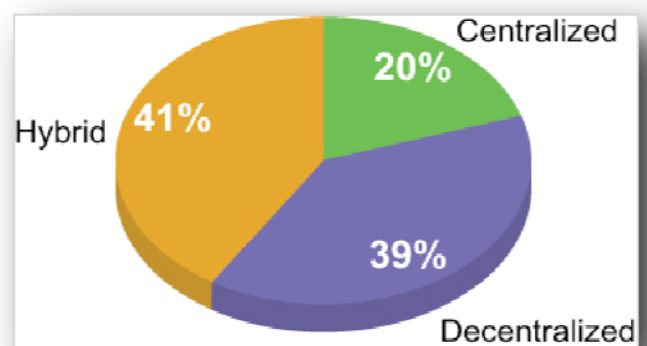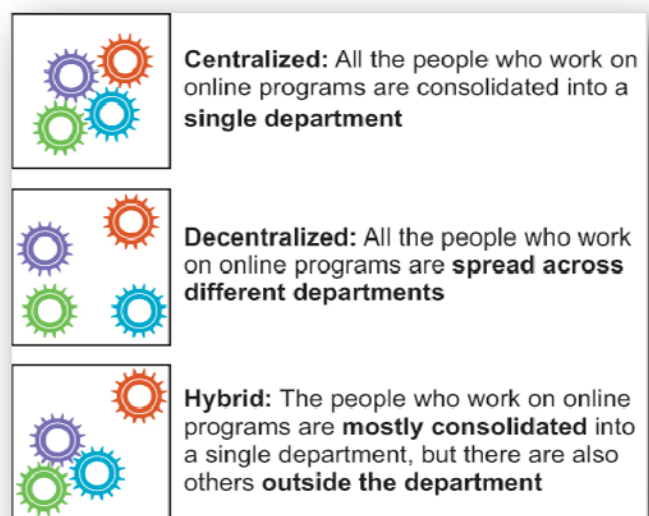

Figure 4

resources to draw from, 48 percent of smaller organizations (one to three staff dedicated to online) reported having a Hybrid structure, having to rely on staff from outside their group to manage their online programs. Conversely, organizations with 10 or more staff dedicated to online, tended to be more balanced between the three structures.

The structure of an organization, or how the staff and other resources are aligned, determines which department(s) are responsible for making decisions about the organization's online strategy, website content, and online objectives. Whether this decision making is consolidated within a single group, dispersed across the organization, or some hybrid of the two, will have a strong influence on how the organization performs. To understand the impact structure has on organizational performance, we looked at each structure from a planning and goal setting, internal communication, decision making, and accountability standpoint.

Unlike the Decentralized and Hybrid groups that have staff located in several different areas, often with competing objectives, organizations with a Centralized structure seem to have an easier time making decisions for the organization, setting goals, and creating a cohesive plan. According to the survey, these groups also were more likely to hold their staff accountable for meeting these goals once the goals and plans were put in place (See Figure 5).

Of the three structures, Decentralized organizations have the advantage of broad organizational representation. As such the decisions made regarding online are more likely to represent more of the nonprofit's business priorities. According to the

Figure 5

survey; however, this broader inclusion can also lead to the organizational structure being the least effective at planning, communicating, making decisions, and holding their people accountable. This may have to do with having staff working on a common online project, but reporting to different departments. For instance, the Director of Development leading the online program may set the goals and objectives for the team, but be unable to hold team members outside the Development group accountable for metrics like email growth. According to the survey, 33 percent of Decentralized organizations agreed that staff is held accountable for meeting goals and objectives compared with 91 percent of Centralized organizations.

Hybrid organizations share characteristics of both structures by being mostly Centralized, while also having some staff from other departments. Although communication, decision making, and planning are easier in Hybrid organizations than in Decentralized, the results still lag compared to fully Centralized organizations.
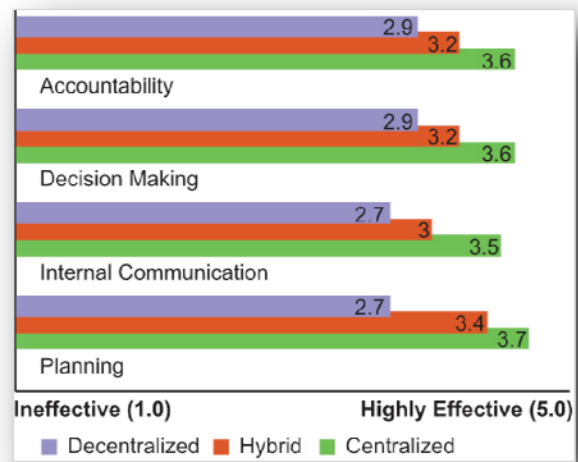
THEME #3: Not Having a Plan is Planning to Fail

The reality for most nonprofits today is having to make do with less. In order to get the maximum results from the resources you have requires having a plan and sticking to it. According to the survey, 26 percent of nonprofits do not have any sort of Internet marketing plan for their organization. Including those that do not know if they have a plan or who only review their plan once every few years, the number increases to 44 percent (See Figure 6). Centralized groups have the best planning record with 100 percent of the respondents having a plan, and reviewing it frequently. Conversely, less than half of Decentralized groups have a plan and review it frequently.

How Often Is Your Plan Updated	All	Centralized	Hybrid	Decentralized
Several Times Per Year	28%	36%	32%	19%
Once a Year	28%	55%	18%	24%
Every Few Years	7%	0%	9%	10%
We Don't Have an Internet Marketing Plan	26% 44%	0%	23%	38% 57%
I don't know	11%	0%	18%	9%

Figure 6

THEME #4: Structure Impacts Performance

The results of having a plan, communicating effectively, and holding staff accountable can be seen in a Centralized organization's ability to succeed in key areas of online success such as building an email file or increasing the amount of revenue received online. According to the survey, Decentralized groups both have similar results in achieving revenue penetration, but Hybrid groups seemed to be slightly more effective in building their online email files. Compare this with the Centralized groups who exceeded the other structures in both categories (See Figure 7).
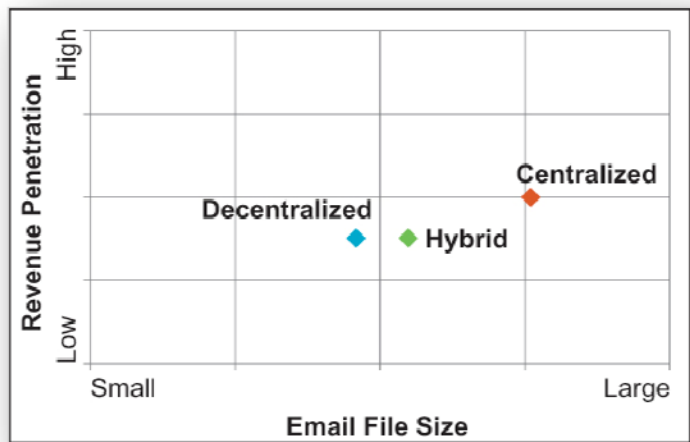
Figure 7

CONCLUSION

As interactive marketers, it's often more natural and stimulating to spend time thinking about new interactive tactics, a new technology, or a new creative concept versus thinking about staffing and structure. However, this research clearly indicates that if you do not spend time thinking about your staff size, skill mix and organizational structure your results can be adversely impacted. As a sector, we need to be more thoughtful about how to organize our precious resources and continue to share what's working and what's not.

Steps you can take:

- Calculate your average hours spent monthly (both internal staff and contractors) to understand how the size of your staff compares to your peers.

- Be honest with yourself as to the diversity and quality of skills you currently possess and identify key gaps that you will need to fill either internally or with a partner.

- Identify which of the three organizational structures you currently fall into (Decentralized, Centralized or Hybrid).

- Take the time to develop an online plan that includes goal setting and clearly defines ownership and accountability for each metric. Owners need to have clear decision authority to be able to push your organization in the required direction to meet your goals.

- Know the natural "blind spots" of your existing structure and over compensate in the typical areas of weakness. Organizations with Decentralized and Hybrid structures need to pay special attention to planning, goal setting, accountability, internal communication and knowledge sharing.

- Turnover of key talent is a risk for all nonprofits, so spend the time to outline professional development priorities and career path alternatives for your staff. This is especially true in decentralized organizations as the most obvious career path may be up the departmental path they reside in and not into a more senior online position.

- As your organization's overall structure evolves (which is common in tough economic times), re-evaluate your online team's structure and look for ways to concentrate your online staff into more of a hybrid or centralized structure.

ABOUT CONVIO

Convio is the leading provider of on-demand constituent relationship management (CRM) software and services that give nonprofit organizations a better way to inspire and mobilize people to support their organization. Convio Online Marketing, the company's online marketing suite, offers integrated software for fundraising, advocacy, events, email marketing and web content management, and its Convio Common Ground™ CRM system helps organizations efficiently track and manage all interactions with supporters. All Convio products are delivered through the Software-as-a-Service (Seas) model and are backed by a portfolio of best-in-class consulting and support services and a network of partners who provide value added services and applications focused on the unique needs of nonprofit organizations. For more information, please visit www.convio.com.