# Data analytics can help solve your nonprofit's biggest challenges

If your not-for-profit wants to improve its budgeting, forecasting, fundraising or other functions but is having a hard time identifying both problems and solutions, data analytics can help. This form of business intelligence is already considered invaluable in the for-profit world. But it can be just as useful to nonprofits.

## Informed decision making

Data analytics is the science of collecting and analyzing sets of data to develop useful insights, connections and patterns that can lead to more informed decision making. It produces such metrics as program efficacy, outcomes vs. efforts, and membership renewal that can reflect past and current performance and, in turn, predict and guide future performance.

The data usually comes from two sources:

**1. Internal.** Examples include your organization's databases of detailed information on donors, beneficiaries or members.

**2. External.** This type of information can be obtained from government databases, social media and other organizations, both non- and for-profit.

## Applied advantages

Data analytics can help your organization validate trends, uncover root causes and improve transparency. For example, analysis of certain fundraising data makes it easier to target those individuals most likely to contribute to your nonprofit.

It typically facilitates fact-based discussions and planning, which is helpful when considering new initiatives or cost-cutting measures that stir political or emotional waters. The ability to predict outcomes can support sensitive programming decisions by considering data on a wide range of factors — such as at-risk populations, funding restrictions, offerings available from other organizations and grantmaker priorities.

## Needs dictate your purchase

Your organization's informational needs should dictate the data analytics package you buy. Thousands of potential performance metrics can be produced, but not all of them will be useful. So keeping in mind your most important programs, identify those metrics that matter most to stakeholders and that truly drive decisions. Also ensure that the technology solution you choose complies with any applicable privacy and security regulations, as well as your organization's ethical standards.

You can adopt the most cutting-edge software, but if your staff aren't on board, data analytics will be of little benefit. Note that you may need to hire or develop qualified staff to conduct data analytics and convert the results into actionable intelligence.

## Make the most of it

Before you choose a technology, make sure your organization, including your staff, is ready to make the most of it. We can help steer you in the right direction.