

**THE APPLICATION OF INTERNET COMMERCE MODELS
ON PHILANTHROPY ORGANIZATIONS WITH
INTERNATIONAL MISSIONS**

A Dissertation

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Doctor of Philosophy

by

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DEDICATION

This research is dedicated to all people across the globe, especially children, who need assistance in various forms.

It is my sincere hope that the research herein will help to make philanthropic giving easier, and philanthropic organizations more efficient, to ultimately make the world a better place.

I also hope this demonstrates to the recipients that caring strangers do exist in the world since no one is exempt from tragedy.

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INTRODUCTION

Chapter 1

Importance of the Study

Philanthropy organizations strive to increase the well being of mankind using charitable aid or donations. Their success depends on their ability to raise funds and/or other support. Close to 90% of American households made a donation to a nonprofit organization in 2000, with an average donation amount of \$1,620 or 3.2% of the household income (Nearly 90% of Households Made Gifts, 2001).

More than \$1.13 billion has been raised by charitable organizations focusing on relief and recovery efforts in the wake of the September 11, 2001 terrorist attack on the World Trade Center and the Pentagon (Wilhelm, 2001). This historical flash of generosity has inhibited donation levels in nonprofit organizations not connected to post-attack relief efforts. A mortality rate does exist among philanthropy and nonprofit organizations. While this represents an extreme example of marketshare shift, philanthropy must continue to evolve with innovative techniques to remain successful.

The Internet has grown faster than any other communications technology in history. As of January 2001, there were nearly 110 million computer systems in 230 countries and territories around the world connected to the Internet, full-time or part-time, by direct or dialup connection. The Internet is a global network enabling computers to communicate and share services throughout the world with a current annual growth rate of 51%, demonstrating strong exponential growth (www.isc.org, 2001). Some nonprofit organizations are assisting in this growth. For example, the Bill and Melinda Gates Foundation provides computers with Internet access to lower income areas to boost online usage (Lowe, 1998).

Commercial corporations have been moving quickly toward Internet-based solutions for their business over the past several years, realizing it is a necessary part of their business strategy. In 2000, the value of worldwide business-to-business Internet commerce sales transactions surpassed \$433 billion, a 189% increase over 1999 (Kaplan, 2000).

With this competitive landscape, philanthropy organizations are beginning to realize the necessity of incorporating Internet technology to achieve their fundraising goals and other objectives. Advantages can

include global expansion of mission awareness and name recognition, increase in donors and donations, competitive advantage, improvement of communication, faster growth, and accessibility of new ideas for innovation.

For several years, charities have been using the Internet in their advocacy work on causes like the environment and human rights (Wallace, 2001). Over \$100 million of the donations made to relief efforts after the terrorist attack on the World Trade Center and the Pentagon September 11 were made via the Internet. A large percent of those donations go to the long-established organizations that were well known by the American public or that received substantial media coverage (Blau, 2001).

Using Internet technology is much more than a creating web site accessible from anywhere in the world. It is a conscious decision that requires strategy, planning, and resources committed to support its success. Risks can include a strain on company resources, costs, legal hurdles, and fit with the company's vision and strategy. Additionally, philanthropy organizations carry the burden that poor financial performance can have a direct negative impact on the charity recipients they are in business to assist.

Philanthropy Growth

The political change over the past two decades has created a catalyst for international fundraising. The global reduction and withdrawal of government support for human welfare through social programs has led to unprecedented worldwide reliance. Societies historically relying on high tax rates to support social programs cannot sustain the community needs (“International Fundraising: When Aid Is A World Away”, 2001).

Giving by individuals has increased steadily over the past three decades, reaching \$143.71 billion in 1999, representing 7.2% growth between 1998 and 1999. Through willed and lifetime gifts, individuals have been responsible for between 83.8% to 90.2% of giving over the past three decades (Kaplan, 2000).

The number of nonprofit organizations in the United States has tripled to more than 1 million today from more than 300,000 organizations 30 years ago (Mutz and Murray, 2000). Competition for philanthropy dollars is increasing. Each organization must actively compete for what is essentially a “marketshare” of these funds.

Purpose of the Study

This study will analyze Internet strategies currently in use in a specific sampling of philanthropy organizations. The objective in selecting the philanthropy sample was to include international philanthropy organizations, with a social mission and strong focus on human services, which implement a broad variety of Internet models to be defined herein.

A basic principle on which the study is based asserts that there are parallels between global commercial and global philanthropy organizations with regard to their Internet presence. To establish a foundation for this assertion, the results of the global philanthropy organization analysis will be correlated to the models and strategies employed by global commercial corporations.

There are many Internet models currently being used by global commercial businesses. Over the lifetime of the commercial Internet to date, all models have been used successfully and unsuccessfully. This leads to the conclusion that these models themselves do not intrinsically lead to success or failure.

The criteria that distinguish success from failure focuses not on the models, but rather their implementation and the business strategy applied

to them. Analyzing literature and/or case studies of selected global corporations will develop these criteria further.

The same parallels discovered when correlating the Internet models used by both global commercial and global philanthropy organizations also suggest that philanthropy organizations have an equal opportunity to succeed or fail based on their strategic decisions.

The results of this study will suggest potential evolutionary paths for philanthropy organizations based on strategic knowledge learned from global commercial endeavors.

Overview of the Study

This study begins by defining a broad set of Internet models used in current corporate and/or philanthropic practice. There is a general progression among these models towards the more sophisticated and complex. This does not imply, however, that all organizations must apply or can benefit from each of these models.

While some overlaps may exist, there are fundamental characteristics unique to each model as specified below. Given the dynamic nature of Internet technology, it is beyond the scope of this work to predict future-reaching models yet to be discovered.

Model 1: Brochureware

Also referred to as “static content”, brochureware is a simple repository for documents and other multimedia, with little or no user interaction. Information can be published with as little as an HTML-enabled word processor, a free file transfer program, and a \$19 a month account with an Internet Service Provider (ISP) (Finger, Kumar and Sharma, 2000). The main function of this model is to quickly and easily display product and service information to be online globally. For example, a corporation offering extended warranty programs may provide the details of these plans online, but the user must telephone or visit the company for additional details or to make the actual purchase.

Model 2: Basic Interactivity

Online forms accept information entered by users, usually in response to answering basic questions including users name, address, telephone number, and perhaps credit card data. The basic interactivity model is the first in this progression that provides two-way information opportunities and benefits, supporting minimal interactivity. Its main function is to move basic information from the user to an organization with

online registration. Security safeguards may be introduced here to protect the privacy of personal information.

Information is often printed and re-entered into a system where the transaction is completed since this model is not typically integrated into any other processing systems. It is, in fact, very similar to taking orders over the telephone. For example, a customer completes a form indicating a request for a quantity of three widgets to be sent to their home address and charged to their credit card. A human agent must then manually process the credit card purchase.

Model 3: Directory and Search

This model is a compilation of aggregated information often from multiple sources and uses simple interactivity to allow the user to navigate through the site. Its main function is to allow the user to search for relevant information. This information can be organized simply in relation to one web site. For example, an online clothing reseller may allow the user to sort all the selections at their site by product including accessories, sportswear, eveningwear, etc.

Conversely, multiple web sites can also be used in a model is similar to an online “yellow pages”. Yahoo, for example, aggregates an

enormous body of information in a database, which is then accessed by a search engine. Therefore, a user visits the Yahoo site at www.yahoo.com, enters a search expression, and is presented with the search results from the directory of aggregated information.

Model 4: Transaction Processing

Also referred to as “Electronic Payment Transactions” or “Business-to-Consumer”, this model moves basic online information from the user to an online organization integrated into an enterprise system.

The transaction processing model is the first in this progression that is truly “e-business” related because it typically features catalog based buying where online catalogs feature product offerings including pricing, product descriptions, and availability. Some online catalogs offer search capabilities, product configuration tools, and product comparison facilities.

Transaction Processing also features an “electronic shopping cart” metaphor where the customer can place their selections. Once catalog browsing is complete, the shopper can usually review the cart, make changes to its content (e.g., change quantities, discard certain items, etc.) and proceed to the electronic transaction.

Electronic transactions include customer authentication (i.e., ensuring customer identity), payment authorization (i.e., ensuring that credit card information is valid and sufficient), taxes and shipping costs calculation if necessary, and usually an order confirmation provided as the customer's receipt.

In addition to the catalog scenario, online auctions can be included in this model. Seller auctions provide an opportunity for a prospective buyer to bid up the price of a product or service. For example, www.ebay.com provides a consumer auction site, wherein a buyer views a selection of products offered online by sellers (i.e., other users). During a predetermined time period, a buyer views the current price and can bid online against other prospective buyers.

Another scenario called a reverse auction provides prospective sellers the opportunity to bid down the price of a product or service specified by a potential buyer or customer. For example, a customer using the www.priceline.com reverse auction site lists a desired item such as an airline ticket and a proposed price. Interested suppliers determine if they can fill the order for the requested price and provide online bids to the customer.

Ultimately, this model results in financial transactions conducted online between consumers and suppliers. Therefore, security is extremely important in terms of authenticating the parties (i.e., to ensure proper identification) and encryption of financial data for privacy.

Model 5: Personalized Portals

Personalized content delivery determines who the user is, reviews their past behavior on the site (including where they clicked the most and what seemed of interest), then customizes the site accordingly for that user. Personal preferences are maintained in the system, and this information is remembered when the user logs on to the site in the future.

This is a powerful model for both the user and site owner. With volumes of information available on the Internet, this model provides the user with specific information, which is expected to be of the most interest, since the user determines how the services are presented. This in turn, often increases the users interest, and may encourage them to make additional purchases as well as return to the site more frequently since it was created specifically with their individual needs in mind. Additionally, it provides the site owner with valuable information regarding the potential

customers buying patterns and interests, to assist in developing effective sales strategies.

A portal acts as a gateway from one site through to another that aggregates services or information from multiple providers. The objective is to leverage services or content already available at other site locations while increasing the “stickiness” (i.e., the amount of time a user remains at a given site) of the original site.

Using the portal paradigm, a user essentially stays at the same site, but there are other services behind it that can be located geographically anywhere in the world. Although the user experience seems like one integrated task, there are potentially multiple services of interest from multiple providers in one online location, configured in a user-centered fashion.

For example, a user may log on to one site to make a purchase and be offered several shipping companies to deliver the product. Clicking on one of the shipping company portals transparently transports the user to the shipping company site. Their identification and transaction information is recognized without entering additional data. They select from the various shipping options, and complete the transaction as if never leaving the original site.

To deliver this model effectively, personalized content, single sign-on (i.e., one login to access services provided by multiple providers), and profile management for behavior tracking are essential.

Model 6: Brokerage

The brokerage model brings together consumers and suppliers with complementary needs to discover each other. Its main function is to simplify the matching of compatible buyers and sellers, based on very transient needs, as opposed to more persistent product models (e.g., catalogs).

For example if a person has a resource (e.g., product for sale, equipment to lease, time, etc.) they can publish the availability and terms of these resources with the online brokerage. Others can publish their need for a given resource. The brokerage can offer a variety of browse, search, and matching features to introduce compatible parties.

Model 7: E-Marketplace

This model is an extension to the transaction enabled model, but applied more to business-to-business transactions. This business-to-business bias gives rise to several fundamental differences from its business-to-consumer predecessor. For example, an e-Marketplace

usually restricts usage to a predetermined set of participants, often with specific contracts among them.

Catalog based buying is usually augmented by custom catalogs that reflect these pre-negotiated contracts yielding specific terms, conditions and pricing. Additionally, a large majority of purchases are transacted with purchase orders, often requiring different levels of company approval with specific work order routing through a pre-defined automated process.

Request-For-Quotes (RFQ's) can be offered to include online RFQ preparation, distribution through various corporate workflow processes, negotiation, and quote award. Buyers may want to pre-qualify and solicit quotes from around the globe, distribute product specifications to these selected suppliers, and manage bids and supplier communications in near real-time. Electronic communication of RFQ and bid information dramatically reduces cycle time, reduces human error, and extends the reach to suppliers that could not be considered through traditional communications media. The RFQ process is similar to business-to-consumer reverse auction, but is clearly more sophisticated.

Auctions can also exist in this model with predetermined participants and distribution through various corporate workflows. Many

retailers, for example, use auctions as an opportunity to liquidate surplus inventory. Security and privacy issues are, of course, critical in the e-Marketplace model to control who participates in this process and who has access to competitive information.

The e-Marketplace landscape currently includes commodities from aircraft engine parts to paper clips. Several companies offer products and implementation services for e-Marketplaces including Ariba and CommerceOne who shared over \$143 million revenues combined in the second quarter of 2000 (Barrenechea, 2001).

Model 8: Communities of Interest

This model aggregates participants with some mutual interest through content, community building, and commerce, without regard for physical location. For example, online communities provide sellers with an opportunity to offer products and services to an audience who has already expressed an interest. This provides greater selection and convenience for buyers, reducing search time.

For individual users, Yahoo provides email, chat groups, file management, technical support and space to create a Web page free of charge. Members can pay a monthly membership fee for additional

storage space and their own Web addresses, called URLs (Rosenoer, 1999).

In business, companies must seek to know their markets, to be known throughout their markets, and to capture the largest marketshare possible. Finger et al. states that a company cannot rest after introducing an innovative e-Commerce offering. The originator must raise the bar to remain in front of its competition, since competitive replication is soon to follow. The organization's competitive advantage is embedded in its unique business processes and its communal knowledge.

By developing communities of interest online, organizations can take a proactive stance toward monitoring and controlling their markets by learning about customer's needs and wants and addressing their issues.

Additionally, online businesses use Web advertisements to promote their web sites. In 1999, Web advertising exceeded \$3.5 billion and is projected to reach \$16.5 billion by the end of 2005 ("Predicted Ad Exposure Will Add to Clutter", 2000).

Study Participants

This study relies on the examination of specific global philanthropy organizations including Global Volunteers and Heifer Project International.

Global Volunteers (www.globalvolunteers.org) founded in 1984 as a private nonprofit United States corporation, helps establish a foundation for peace through mutual international understanding. At the request of local leaders and host organizations, it sends teams of volunteers to primarily non-United States locations including China, Costa Rica, Greece, Ireland, Italy, Indonesia, India, Poland, Romania, Spain, and Vietnam. These teams work with local people on human and economic development projects, important to its long-term development. Over 7,000 volunteers have participated on Global Volunteers service programs since the organization's founding 1984. In 2000, Global Volunteers collected \$2,835,000 in contributions with 85% for 'Program Expenses' and 15% collected for 'Management & General Expenses'.

Heifer Project International (www.heifer.org), another nonprofit organization, assists families to become self-reliant for food and income in more than 125 countries. They provide over 25 different types of farm animals to communities and train environmentally sound farm management and community development techniques. The Heifer Project begins a 'chain of life' as gifts of livestock and farm management training is passed on to other families in need to help people feed themselves. In 2000, Heifer Project International collected over \$28 million in donations

with over 70% of expenses a direct result of program costs, sponsoring more than 300 projects and supplying 26 types of animals to farm families in 43 countries and 38 states.

The organizations to be examined in this study (i.e., Global Volunteers, Heifer Project International, and others) were selected to represent a sample with various criteria. First, they are philanthropy organizations focused on serving an international market. Second, they use different Internet strategies and are at different stages of Internet development. Third, they vary considerably in size and funding. Finally, their approaches to helping the recipients (i.e., their philanthropic objectives) vary considerably. For example:

- Global Volunteers acts as a broker to match volunteers with the needy, sponsor events worldwide for a one to three week duration.
- Heifer Project International provides training and animals to impoverished areas to empower the community.

Problem Statement

Philanthropy is a voluntary action for the public good, including giving, asking, joining, and serving, based on values (Payton, 1988). To achieve this ideal, philanthropy organizations must raise funds and

manage administrative costs. A critical variable in the success of this process is strict adherence to cost-effective practices. This research will show for selected philanthropy organizations that Internet representation can increase contributions to their fundraising activities. However, as proven in the past with commercial environments, an Internet presence used without an effective strategy can be counter-productive.

The questions expected to be answered from this study include:

- Can Internet development successfully contribute to the primary objective of global philanthropy organizations?
- What can philanthropy organizations learn from the successes and failures of how corporations have approached their Internet strategies?

Rationale of the Study/Developing a Hypothesis

The questions just posed and the purpose of this study lead to the hypotheses listed below.

Hypothesis 1: When applied via an effective strategy, the Internet can be used by global philanthropy organizations to achieve their philanthropic goal.

Hypothesis 2: Many if not all of the fundamental Internet models proven effective in a corporate environment have the potential for being effective Internet models in global philanthropy organizations.

Proving these hypotheses will yield recommendations that will enable philanthropy organizations to optimize their strategic planning with Internet usage.

Scope of the Study

There are several dimensions on which the scope of this study is bounded. First, limited data is available regarding philanthropy organizations that have adopted Internet strategies with measured results.

Second, the Internet models selected are based on the current technology state, without intending to anticipate new models that are continually emerging.

Third, expected growth predictions of Internet and no capacity shortages in bandwidth reflect global Internet usage will continue to grow.

Finally, due to practical limitations, the researcher has selected a sample set of Internet success stories and philanthropy organizations to be analyzed. Therefore, generalized conclusions are based on this sample set of data. The Internet success stories are intended to

demonstrate a baseline of success. The sample set is intended to be as representative as possible of philanthropy organizations with a social mission and strong focus human services with an Internet presence.

Definition of Terms

The following are terms that will be used throughout the study.

1. Banner Ads: Standard, rectangular Web advertisement included on a Web page that link to other web sites.
2. Brick-and-Mortar: Physical presence (e.g., a storefront) versus an online presence.
3. Brochureware: Online collection point for documents and other multimedia with little or no user interaction.
4. Brokerage: Online area matching consumers and suppliers with complementary needs.
5. Browser: Software that accesses the World Wide Web and other Internet resources.
6. Business-to-Business (B2B): Two or more businesses conducting transactions via the Internet.
7. Business-to-Consumer (B2C): A business conducting transactions with a consumer via the Internet.

8. CD-ROM: Compact Disk - Read Only Memory, Physical media for storing computer programs, electronic data, music, etc.
9. Clicking: Selecting an action on the Internet.
10. Click-through: The process by which a viewer accesses a desired web site by clicking on a link from another web site.
11. Communities of Interest: Online area where participants with mutual interests collaborate.
12. E-Business: Electronic business; Business transactions conducted online.
13. E-Commerce: Electronic commerce; Business transactions conducted online, usually involving the buying or selling of goods and services.
14. E-Marketplace: Electronic Marketplace; An e-commerce platform where companies can aggregate their suppliers, or businesses can combine their electronic procurement process.
15. E-Philanthropy: Philanthropy, as supported by electronic technologies such as the Internet.
16. Electronic Payment Transactions: A secure transfer of funds from buyer to seller during an e-commerce transaction.

17. Electronic Shopping Cart: A metaphor in e-commerce applications for tracking items a customer selects from an online catalog.
18. Email: Electronic mail; System that allows users to exchange messages across the Internet.
19. Encryption: Coding of confidential, personal, or financial information for secure transmission.
20. Enterprise System: Any software application central to the operations of a commercial or nonprofit organization.
21. HTML: Hypertext Markup Language; used to author Web documents containing links, graphics, and multimedia.
22. Hosts: Computer systems connected to the Internet.
23. Internet: Global network of computers enabling communication and shared services throughout the world.
24. Internet Model: A specific means of utilizing the Internet for conducting e-business (e.g., Brochureware, E-Marketplace, etc.).
25. Internet Service Provider (ISP): A company that provides access to the Internet for consumers and business users.
26. Modem: A device that enables access to the Internet by a personal computer using conventional telephone lines.

27. Personalization: Tailoring of the content or format of a web site to the settings specific to a given user.
28. Personalized Portal: An Internet model that combines the content flexibility of portals with user personalization.
29. Portal: A gateway from a given web site to one or more services offered by other web sites.
30. Request-For-Quotes (RFQ's) : See Reverse Auction.
31. Reverse Auctions: A type of e-business transaction that enables users to specify the terms (e.g., price) of desired items that suppliers may then bid to provide.
32. Stickiness: The quality of a web site to maintain the interest of a user such that the user remains at that site for a significant period.
33. Strategy: The policies, practices, research, decisions, investments, etc. that embody how a business objective is achieved.
34. URL: Uniform Resource Locator. Address designating the location of resources on the Web (i.e., the address of a web site).
35. Web Site: A node on the World Wide Web where an organizations may present information and services using a variety of media and links to other web sites.

36. World Wide Web: An Internet-based infrastructure that contains data, graphics, sound, and video, and is accessed through a graphical interface.

REVIEW OF RELATED LITERATURE

Chapter 2

Introduction

Many business and nonprofit experts agree that nonprofit organizations need a more innovative management approach. Some have stated charities should take a cue from the marketing methods of many commercial companies and promote themselves as leaders in their communities (Lewis, 2001b).

Kay Sprinkel Grace states in her book “Beyond Fund Raising; New Strategies For Nonprofit Innovation and Investment” that nonprofit organizations market in a backwards way. They market their organization first, rather than the needs they are meeting and the values they embrace. She believes it is time to re-engineer the nonprofit sector with innovation and investment strategies to develop long-term relationships with funders and volunteers (Grace, 1997).

Few nonprofit or Internet professionals, however, address Internet technologies as a mode of innovation and development. In addition, The Chronicle of Philanthropy surveyed 252 of the largest nonprofit organizations in 1999. It found that only slightly more than one-third of

those organizations raised money via the Internet. The \$7 million in online donations raised by the sample group accounts for less than 1% all funds raised by those organizations in 1999, with \$2.8 million donated to one organization, the American Red Cross (Lipman, 2000).

It bears merit, therefore, to analyze nonprofit growth and Internet usage.

Growth of Nonprofit Organizations

Nonprofit organizations exist to bring about changes in society and in the life of an individual for the sake of their missions. A broad base of individual donors who are very loyal to the organization provides a reliable source of funding for nonprofit organizations annually with contributes to its growth and self-sufficiency.

Charitable giving increased by 9.1% in 1999 and has increased by double-digit percentages each year since 1996. Total giving increased from \$174.36 billion to \$190.16 billion between 1998 and 1999 most likely due to a strong economy and increased attention to philanthropy, including a White House Philanthropy Conference in 1998 (Kaplan, 2000).

Giving to human service organizations increased from \$16.08 billion in 1998 to \$17.36 billion in 1999, representing an 8.0% increase.

In 1999, World Vision, an international human service organization conducted a telephone survey of 1002 people. Of those surveyed, 70% believe society has a moral obligation to help the poor and 42% of them contributed money to organizations that serve the poor (Kaplan, 2000). Fourteen percent of respondents said they contributed money to assist the poor overseas. Thirty-three percent of respondents said they volunteered and 20% said they gave both time and money to organizations focused on poverty and relief services for the poor (Kaplan, 2000).

Giving is necessary for nonprofits to satisfy the needs of people they are helping to bridge the gap between the social need, perceived or actual, and government provisions. Today, nonprofits face challenges to convert one-time donors into long-term contributors and provide community and a common purpose. Nonprofit managers are challenged to convert the organization's mission statement into simple and clear specifics.

Peter Drucker, founder of The Peter F. Drucker Foundation for Nonprofit Management, advises nonprofit organizations to prepare for immediate systematic innovation and search for opportunities within and outside of the organization. Leaders of nonprofits must grow with success and then maintain their momentum, flexibility, and vision.

For example, the design of the United Way has not changed substantially over the years. It adjusts, however, to new marketing data and different business populations to design its most effective appeal. An appropriate marketing strategy for nonprofit institutions with up-to-date market knowledge, a tactical plan, and specific objectives and goals provides opportunities for constant improvement and increased success. Nonprofits must also create innovative solutions to traditional business challenges to be successful (Drucker, 1990).

Many nonprofits face increasing financial pressure with resource restraints and growing social needs. Additionally, donors are becoming more sophisticated, often seeking improved accountability and reported results to remain loyal to a nonprofit organization. Emergency relief appeals will always exist but depending on emotional appeal alone is not effective.

This is especially true with heightened competition for nonprofit dollars by an increase in nonprofit organizations. Nonprofit organizations in the United States, for example, has tripled to more than 1 million organizations today from more than 300,000 organizations 30 years ago (Mutz and Murray, 2000).

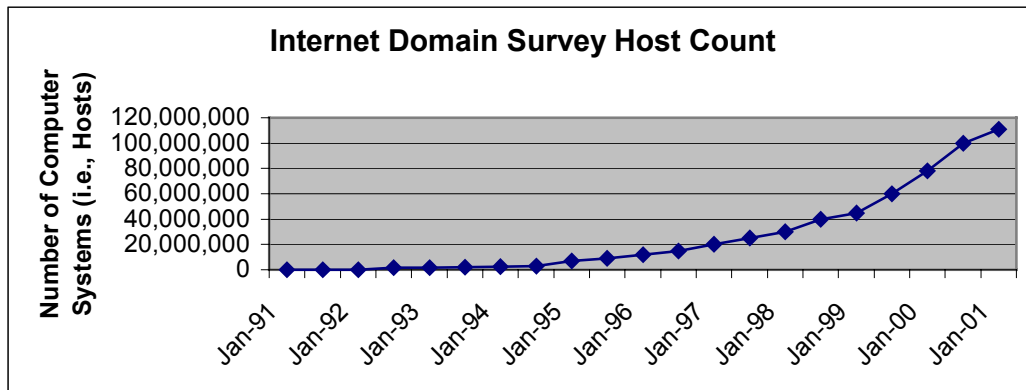
Competition is also increasing between nonprofit and private firms as private firms expand into traditionally nonprofit areas. Most apparent in the hospital industry, there is increased pressure to contain health care costs, which creates intense price competition and industry reorganization. Another example includes private health clubs, which have entered an industry long the preserve of the nonprofit YMCAs (Weisbrod, 2000). Fund development strategies will assist in competitive analysis and enable nonprofit institutions to focus more on its mission and less on fundraising (Weisbrod, 2000).

Philanthropy donations are expected to continue to grow. Research from Boston College estimate the transfer of wealth between 1998 and 2052 is likely to be valued at \$41 trillion, and may be as high as \$136 trillion. Independent Sector's Giving and Volunteering in the United States estimated that 1.2% of contributions were made directly online in 1998. Additional giving may have occurred as a result of Web-based communication, but only online donation transactions were included (Kaplan, 2000).

Internet Usage

The Internet is a global network enabling computers of all kinds to communicate and share services transparently throughout the world. It also comprises a global resource of information and knowledge, enabling people and organizations to collaborate among diverse communities.

Figure 1: Internet Domain Survey Host Count



Source: Internet Software Consortium (www.isc.org, 2001).

The Internet has grown faster than any other communications technology in history. As of January 2001, there were nearly 110 million computer systems (i.e., hosts) connected to the Internet, full-time or part-time, by direct or dialup connection in 230 countries and territories around the world. The current annual growth is at 51%, and if this growth rate is sustained, the Internet would exceed 1 billion host computers in mid-2005 (“Trends”, 2001).

In 2000, the value of worldwide business-to-business Internet commerce sales transactions surpassed \$433 billion, a 189% increase over 1999 sales transactions. Worldwide business-to-business Internet commerce is projected to reach \$919 billion in 2001 followed by \$1.9 trillion in 2002. In 2003, the market will increase to \$3.6 trillion, and at the end of 2004, worldwide business-to-business Internet sales transactions are forecast to reach \$6 trillion (Zimmerman, 2001).

More than 45% of United States homes have a personal computer. With personal computer prices decreasing, an estimated 17% of homes have more than one computer. Almost half of these homes have a modem, and the number of households using the Internet in 2000 is estimated at 36% (36.5 million homes), increased from 23% in 1997 (Zimmerman, 2001).

A 1997 Price Waterhouse Consumer Technology survey showed over one third of respondents used the Internet instead of watching television and nearly one third used it instead of reading a book, newspaper or magazine. A similar survey by Georgia Tech Research Corporation indicated that 55% of respondents replace television viewing time daily with the Internet; another 25% do so at least weekly. These statistics combined with the realization that email is often used as much as

telephones, demonstrate that people are integrating the Internet into their lives (Zimmerman, 2001).

About 25% of Web households report purchasing online in 1998. This is an increase from 19% in 1997 and 15% in 1996, according to the Georgia Tech Research Corporation survey results. Additionally, about half of online consumers obtain product information or researched future purchases online. This steady increase is encouraging more businesses to sell online. Furthermore, new technologies such as personal digital assistants, “screen” phones with built-in browsers, and intelligent cell phones are becoming popular alternative forms of Web access (Zimmerman, 2001).

Advertising on the Web

The total expenditure on Internet advertising in 1999 exceeded \$3.5 billion and is projected to reach \$16.5 billion by the end of 2005. This reflects a 30% compound annual growth rate. According to research by Jupiter Communications, marketers plan to increase Internet advertisement spending at a higher rate than any other medium. The growth of online advertising is attributed to several factors including the increasing size of the online population, a rise in time spent online and

increasing Internet company revenues (“Predicted Ad Exposure Will Add to Clutter”, 2000).

According to the eAdvertising Report by eMarketer, American companies will spend an estimated \$8.9 billion by 2002 to advertise online. eMarketer found International markets such as Europe, Asia and Latin America are less developed and, therefore, spend less for online advertising. In Europe, only \$132 million was spent on Web advertising in 1998. Most of this money is spent on standardized banner ads, which are now responsible for only 53% of Web ad revenue, down from 80% in 1997. Banner ads are losing their appeal, with click-through rates now below 1% for static ads (Zimmerman, 2001). The Internet, however, still accounts for only a small percentage of typical advertising budgets.

As with any advertising expenditure, the budget must be balanced against the desired audience size and demographic focus.

Global Internet Use Overview

The Internet diminishes the importance of geographic boundaries. The worldwide business-to-business Internet commerce market is on pace to total \$8.5 trillion in 2005 according to Gartner, Inc. The total number of

registered web site names, now tops 5 million globally, with over 60,000 new names registered every week (Zimmerman, 2001).

The worldwide Internet users are estimated to nearly triple, from 400 million in 2000, to 1.17 billion by year-end 2005, many with wireless devices to supplement personal computer Internet access (“Internet Users Will Surpass 1 Billion in 2005”, 2001). Only one-quarter of the global Internet population will reside in the United States by 2005, according to Global Reach (“Global Population Moves Away From US”, 2001).

Over half of the online population accesses the Internet in a language other than English. This figure is projected to growth to 75% by 2005. Europeans and Asians have used multiple languages for centuries when selling to one another, recognizing that marketing occurs in the language of the target market (“Bring the World Market to Your Web Site and Watch Your Sales Expand”, 2001).

Table 1. Online Users by Language

Language	Online Users (millions)	Population Online
Japanese	39	9.6 %
Chinese	29	7.2 %
German	22	5.5 %
French	15	3.5 %

Sources: Global Internet Statistics: Sources and References, 2001 and Global Internet Population Moves Away From US, 2001.

Globalization is not realized by all American web sites. For example, 70% of American e-commerce web sites sell less than 10% outside the United States (Dunlap, 2000). Those who are interested in globalization may translate key web site pages to target specific countries, promoting language-specific gateways. This will help to raise the number of non-native English speakers visiting the site from 15-20% to over 50% (Zimmerman, 2001).

Global Internet Use by Country

Japan has seen tremendous online growth. A joint survey by Electronic Commerce Promotion Council of Japan and Andersen Consulting estimated the business-to-business e-commerce sector was worth 336 billion yen (\$3.2 billion) in 1999. The figure is a 420% increase from the 1998 estimate of 64.5 billion yen (\$610 million), assisted by a new online real estate sector ("E-Commerce Booming in Japan", 2000).

China has seen Internet access growth of over 400% in just two years. Although the vast majority of China boasts a far better literacy rate than much of the world, the language poses challenges with many complex characters that are difficult to include on one keyboard ("Planet Web: The Language Gap", 2000).

Growth in the European market is expected to be the greatest in the near term. This may be due in part to the new Euro currency, which simplifies electronic currency exchange. European online business-to-consumer revenues are expected to top \$8 billion by 2004. The European business-to-business e-commerce market is expected to grow to more than \$176 by 2004. Germany, France, and the UK may account for 80% of that volume (Zimmerman, 2001).

It is interesting to note how countries have evolved towards Internet technologies based on different cultures, customer demands, and buying experiences. For example, France, Germany and Singapore have each demonstrated unique history while achieving their current state and future direction.

Through the state-owned French Telecommunications company, the French government issued a free "Minitel" to millions of households in the early 1980's. The Minitel, a small simple low-power computer terminal, was originally proposed to give French consumers direct access to an electronic phonebook with the "yellow pages" and phone numbers on screen. Capabilities increased over time and the Minitel introduced French consumers to electronic information gathering and the purchasing of basic services (DeKare-Silver, 2001).

Minitel revenues were over \$2 billion in 1997 from French citizens. Initially, the introduction to the Internet was resisted. Its revenue for the same time period was only one-third that of Minitel. However, by 1999, the French government and businesses acknowledged the Internet potential of the global electronic market (DeKare-Silver, 2001).

Germany is one of the most advanced home shopping countries in Europe with two of the world's largest mail-order companies, Quelle and Otto Versand. These organizations created CD-ROM catalogs, phone, fax, and mail operations. Quelle also began a 24 hours/day television station called Home Order Television in 1996, reaching nearly 10 million German households (DeKare-Silver, 2001). Additionally, Germany is one of the leading European countries with Internet connectivity. At least 10% of all German retail sales is estimated to be electronic by 2005 (DeKare-Silver, 2001).

Singapore is another example of a nation committed to technology. The National Computer Board plans to make Singapore an "intelligent island", committing to Singapore One (One Network For Everyone). This network is planned to break the bandwidth barriers of current Internet technologies delivering fast services for customers. The objective is to

establish Singapore as the leader in the Asia-pacific Region with the implementation of a nationwide broadband network (DeKare-Silver, 2001).

E-Philanthropy

The Internet provides global philanthropy opportunities with the most accessible communications medium in history. It virtually eliminates national and cultural boundaries and narrows the disparity between the world's richest and most impoverished countries.

Early philanthropy Internet activity included email usage where direct mail principles and strategies could adapt easily to online email technology. Other philanthropy organizations are increasingly posting information including activities, tax returns, and annual reports on their web sites. This is an example of the Brochureware Model defined in Chapter 1, which uses limited technology complexity.

Other organizations are beginning to use more advanced and innovative online technology techniques. For example, the Independent Sector and the National Council of Nonprofit Associates has created an online coalition of organizations for online visitors to send fax and email messages to elected officials about state and national public-policy issues that affect the nonprofit world. More than 1,000 email messages have

been sent to United States government elected officials as part of ten different campaigns (Wallace, 2001).

An example of the Personalized Portal Model is the AOL Foundation, which has launched Helping.org an e-philanthropy portal providing a cost-effective way to donate money or volunteer time. Formed in partnership with leading philanthropic organizations, helping.org is a nonprofit site that connects users to over 620,000 charities and more than 20,000 volunteer activities.

Additionally the site provides a one-click secure method to donate to most IRS-recognized tax-deductible causes through a “Donate Now” button (White House Fact Sheet on Philanthropy Conference, 1999).

Ascribe, a news wire dedicated to distributing press releases from nonprofit organizations, has selected another strategy hoping to help charities reach both traditional and online news organizations. More than 50 daily and weekly publications including The Wall Street Journal and Business Week have registered to receive information from Ascribe. An annual membership to distribute news through Ascribe costs \$90. Members send releases free for the first three months of their memberships and then select a subscription packaging ranging from \$12.50 to \$17.50 per release (Wallace, 2000).

Nonprofit organizations are looking to the Internet for easier and more convenient ways for people to assist missions. The Chronicle of Philanthropy mailed a survey of 460 top executives in the nonprofit world in November 2000. It reported that the rise of the Internet, demands for greater financial accountability, expanding grassroots activism, and the growth of international partnerships between charitable groups will help shape philanthropy in the 21st century (Billitteri, 2000).

However, only 16% of respondents said their organizations had used the Internet as the primary means of applying for a grant from a foundation or responding to a charity's grant request. Additionally, only about 30% of respondents said they planned to make their organization's informational tax returns available on the Internet within the next calendar year. More than 30% of these executives expressed strong concern about the ability of nonprofit groups to protect donor privacy in the high-technology age over the next 25 years. Specifically "the ability to use technology in a controlled and meaningful manner so missions and goals remain dominant" repeatedly arose in answers to a question about the most important issue facing nonprofit executives over the next 25 to 50 years (Billitteri, 2000).

These respondents also expected donations from individuals to decline from 77% of the total gifts to 68% by 2025 and bequests to rise from 8% to 11% (Billitteri, 2000).

The Chronicle of Philanthropy reported, on June 28, 2001, that more donors are looking to make an impact beyond the borders of their own communities and nations. With the interconnectedness of many social issues becoming increasingly apparent, and as images of disasters, civil strike and environmental destruction are transmitted worldwide nearly instantaneously (Greene, 2001). Ironically, less than three months later, the terrorist attack on the World Trade Center and the Pentagon demonstrated exactly that. As of November 1, 2001 The Chronicle of Philanthropy reported over \$100 million of the post-September 11, 2001 terrorist attack donations were made to relief efforts via the Internet (Blau, 2001).

The Internet also has advantages that offer creative, multisensory ways to tell personal stories. Additionally, the ease of experimentation and relatively low cost gives the Internet marketing some advantages over traditional mail appeals. For example, the United Kingdom branch of Amnesty International posted three different appeals on its web site, determining the user's browser to provide the Web page that is the most

suitable. Other sophisticated pages provide sound and animation to demonstrate true stories of people brutalized and tortured. Simpler pages tell personal stories and offer interactive quizzes. Within six months, the site recruited nearly 850 new members and received more than 100 donations, which is considered favorable compared to other more traditional solicitation techniques (Lewis, 2001).

Investments in e-commerce require the same ROI (i.e., return on investment) analysis, risk assessments, and solid management as other strategic investments. Understanding the new critical success factors is essential. New opportunities and competition will become routine (Fingar, 2000).

Some feel the most successful fundraisers will be those who integrate online and direct-mail approaches. This reaches more traditional donors comfortable with postal appeals and technically savvy donors interested in receiving information through the Internet. Michael Johnston, a Canadian fundraising consultant, urges fundraisers to move quickly to learn the capabilities of new technologies. Technology tools now facilitate the understanding of how a donor relates to an organization, through online entry points such as a volunteer, event attendee, newsletter subscriber, and monthly donor. Nonprofit organizations must fully

understand the basics, best practices, and advanced abilities of computer databases in order to understand and create strong and consistent relationships (Lewis, 2001).

METHODS USED IN RESEARCH

Chapter 3

This chapter addresses issues regarding the methods used during research. These issues include: the research approach, data gathering methods, the analysis database, and the means to determine the validity, uniqueness, limitations, and summary of the data.

Research Approach

The framework of the study combines case study, descriptive survey, and interview methodologies. The case study method is used to ground the observations and concepts with dominant modes of data analysis. This includes searching for patterns by comparing results with patterns predicted from theory or the literature. Additionally, explanation building is included where the researcher looks for causal links and explores explanations and attempts to build an explanation about the case (Creswell, 1994).

The researcher selected two Internet companies, Amazon.com and Cisco for evaluation. They were selected since each are known in the Internet profession as Internet success stories yet they demonstrate different operating models. Amazon.com launched immediately into the

Internet arena as a founding principle. Cisco, however, had a traditional brick-and-mortar business and then moved toward an online presence.

Another method utilized is the descriptive survey technique.

Surveys are often conducted when the information is less available through other means with results directed toward decision making and executive actions. Survey data collected by personal interview, telephone interview, or direct mail, presents information with a record of responses.

This method derives data from observational situations, either physically observed or observed through questionnaire or poll techniques which seek to ascertain a wide variety of information on many diverse topics for data collection. The intent is to generalize from a sample to a population (Babbie, 1990).

A telephone survey will be applied to a sampling of philanthropy organizations as discussed in Chapter 1. The survey is grouped into several categories that are appropriate and meaningful to both the respondents and the researcher. The conclusion of the questionnaire is reserved for items that are sensitive in nature. If data is incomplete, notations will be made regarding the reason and a determination will be assessed regarding inclusion of the affected results (Alreck and Settle, 1995).

Research interviews, a commonly used tool for qualitative investigation, are also conducted on the nonprofit organization sample set with the intended purpose to discover data that cannot be independently observed. Research interviews are also used as a means for checking and assuring the effectiveness of communication between the respondent and the interviewer.

Interviews can be classified based on their degree of structure or standardization. The types of interviews include the following three types: 1) the unstructured interview, 2) the semi-structured interview, and 3) the structured interview. The format selected depends upon the nature of the problem, the context, and the purpose (Creswell, 1994).

This researcher has selected the semi-structured interview, which is built around a core of structured questions from which the interviewer branches off to explore in depth. This interview will target the nonprofit organizations, following the survey to achieve a greater depth of detailed results. Accurate and complete information is desired with the additional opportunity to probe for underlying factors or relationships which are too complex or elusive to encompass in more straight-forward questions.

Some of the advantages of the interview include the ability to permit greater depth and the ability to probe the participant to obtain more

complete data. Additionally, it establishes and maintains a rapport between the interviewer and the respondent or determines when a rapport has not been established. These advantages are particularly evident when the purpose of the interview is to supplement other data collection methods or to explore variables, relations, perceptions, and beliefs.

The use of an interview can carry the disadvantages of being costly and time consuming compared to the mailed questionnaire. A limitation of the interview method of data collection is that the data from the interview may be contaminated by an eagerness of the respondent to please the interviewer or a tendency for the interviewer to seek answers that support preconceived notions (Isaac, 1997).

Results will be reported with an summary to specify major highlights. None of the data collected during the course of this research will be shared with respondents prior to the conclusion of the study. A computer file will be created to compile survey data. Charts, graphs, spreadsheets and narratives may be used to detail information as appropriates from which to derive conclusions relevant to the hypothesis of this study.

Limitations of the Study

Case study limitations can include the interpretation of data through intermediate sources when direct observation is not viable. In this research, however, literature-based case studies are used exclusively for establishing a formulation of commercial success using the Internet. Collection of original data is conducted using other methods.

Survey data is most effective when initiated, sponsored, designed and conducted by the same individual to maintain consistency. This researcher conducted all the research, thus reducing various errors. Potential for such errors are dramatically increased with the number of people involved in survey data collection (Alreck and Settle, 1995).

One of the most serious descriptive survey method limitations is the difficulty in assessing the depth of information the respondent has about the survey topic. This can be especially challenging with telephone interviewing, which only allows audible contact. To mitigate the risk of misunderstandings, the researcher will use words that are in the core vocabulary of respondents, especially necessary in the technical portion of this study.

Long questions are also subject to error because they can lack clarity. This can lead to vague responses or an inadvertent failure to

address some question parts. Questions were intentionally developed as brief as possible, each focusing on a single, specific issue. Multiple choice questions were integrated whenever possible because they are simple and versatile providing results that can readily compared. Questions with linear numerical scale responses were also integrated because they can provide advantages of simplicity, clarity, and productivity. The format is straightforward, and respondents have little or no difficulty understanding the tasks they are to perform (Alreck and Settle, 1995).

For both survey and interview methods, respondents may choose not to answer questions due to the sensitive nature of the information. For respondents who understand the value of the study, an assurance of anonymity may improve the accuracy and completeness of collected data.

Finally, constraints of practicality dictate that the sample size of nonprofit organizations studied be quite small relative to the total population of such entities. It is important, therefore, to set expectations accordingly and realize surveys should not dictate decisions and immediate action. Results must be evaluated with experience and other information.

Data Gathering Method

Case studies developed for Amazon.com and Cisco base their results in extensive research from literature sources. A detailed, historical summary is provided regarding business and technical decisions and strategies.

Descriptive survey data is gathered using a questionnaire in a semi-structured interview with telephone contacts to the nonprofit organizations, estimated to take approximately two weeks to complete. It is expected there will be a large amount of data from a relatively small sample. Additionally, the interviews are conducted with telephone contacts to the nonprofit organizations, also estimated to take approximately two weeks to complete. Both of these research modes are expected to uncover areas to be more deeply probed in an effort to supplement the understanding and interpretation of the results.

Validity and Uniqueness of the Data

The unique data developed by this study lies in the results of the surveys and interviews of the nonprofit organization sample set. These results primarily report the current state of Internet utilization by nonprofit organizations and related aspects thereto. While many such

organizations use the Internet at various levels of sophistication, an extensive literature search has yielded little or no data that support the sector-wide conclusions required by this study. The development of such data, therefore, represents an original contribution.

The research methods ensure data validity as follows. The data will be collected via direct contact (i.e., surveys and interviews) with the nonprofit organizations in the sample set. Thus, no intermediate influences are involved. Survey and interview respondents are screened as to their qualifications to speak on behalf of their organization prior to inclusion of their responses. Finally, the interviews are structured to probe more deeply into specific areas as required to explain survey omissions or anomalies.

Summary of Research Method

Having defined the specific types of research methods to be utilized, the process of applying them to this study is summarized as follows. As a baseline, the underlying proposition that the Internet can be used successfully for business is established. This is accomplished by developing case studies of commercial enterprises that have strategically

used the Internet with success. These case studies are literature-based due to the rich body of published data available.

A sample set of nonprofit organizations is established based on previously cited criteria. A survey is conducted across this sample set to collect data necessary to establish the current state of Internet success and other factors. This data includes the current state of the practice, Internet-based contributions toward their philanthropic missions, future technology development plans, perceptions, and objectives. The sample set will be sufficient to yield conclusions from the collected data.

Finally, a series of detailed interviews is to be conducted for the following two objectives. First, since the sample set is small relative to the large number of nonprofit organizations, data consistency within the sample is critical. Thus, any inconsistencies in the survey data trigger follow-up interviews with either the original respondent or perhaps others in the organization. Second, interviews with business and/or technology leaders involved with the nonprofit sector lend perspective to the collected data and weight to conclusions drawn therefrom.

Definition of Terms

1. Case Study: An analysis of a subject (e.g., a company) over time for specific characteristics.
2. Causal Link: A relationship between two events wherein one event (i.e., effect) occurs specifically as a result of the other (i.e., cause).
3. Descriptive Survey: A means of gathering information that describes the nature and extent of a specified set of data and collects that data in a consistent manner across survey respondents.
4. Qualitative: Inquiry process of understanding a social or human problem in verbal as opposed to mathematical terms.
5. Unstructured Interview: An interviewing style in which respondents have broad freedom to express themselves in their own way and their own time.
6. Semi-Structured Interview: An interviewing style built around a core of structured questions, but which maintains the freedom to probe specific areas in explore detail.
7. Structured Interview: An interviewing style wherein the interviewer follows a well-defined structure resembling the format of an objective questionnaire, allowing clarification and elaboration within narrow limits.

DATA ANALYSIS

Chapter 4

The purpose of this research is to determine if the Internet can be used by global philanthropy organizations to achieve their philanthropic goal. This chapter presents the data and analysis developed using the method defined in Chapter 3 leading to proofs of the hypotheses on which this research is founded. Additionally, this research will determine if Internet strategies proven effective in a corporate environment have the potential for being effective Internet strategies in global philanthropy organizations.

This chapter provides data regarding two corporate case studies with different starting positions and different strategies, yet corporate America considers both successful. The researcher also collected survey data via telephone surveys from nonprofit sector participants representing a variety of Internet models. All data and results are based on the sample set which is believed to be a true representation of the landscape of nonprofit organizations with international relief missions and an Internet presence. Personal telephone interviews were conducted with nationally

known nonprofit experts and top nonprofit organizations to validate the limited sample set data.

Corporate Case Studies

Two Internet companies were selected for evaluation to establish a baseline that the Internet can be used successfully in business. Both companies, well known in the Internet professional as Internet success stories, demonstrate different operating models. Amazon.com launched immediately into the Internet arena as a founding principle, and despite record sales is not profitable. Amazon.com uses features from several Internet models including Basic Interactivity, Personalized Portal, and Communities of Interest.

Cisco, however, had a traditional brick-and-mortar business and then moved toward an online presence, and to become extremely profitable. Cisco uses the E-marketplace Model defined in Chapter 1.

Amazon.com, Inc.

Amazon.com is a prominent Internet success story with close to a \$5.5 billion market value (as of July 8, 2001) since it was founded in 1984. Starting with two employees, it hosted 1000 computers on the Internet, growing to more than \$2.76B in sales with 43,061 employees worldwide.

International sales alone grew from \$168 million in 1999 to \$381 million in 2000.

Amazon.com's founder, Jeffrey Benzo, was chosen by Time Magazine as "Person of the Year" for 1999. His corporate strategy is to grow quickly by investing aggressively in new product categories and new businesses, spending on brand awareness, and customer acquisition. He considers two primary reasons for their successful growth: the ability to cope with growth and a strong focus on the customer experience.

Amazon.com received a score of 84 on the American Customer Satisfaction Index, which is reportedly the highest score ever recorded for a service company in any industry (www.amazon.com; 2000 Annual Report).

Amazon.com's customer service experience is an end-to-end proposition encompassing all aspects of customer interaction including: home page download time, web site ease of use, and product delivery to the customer in a timely fashion. Amazon.com ensures the customer experience is a positive one regardless of immediate costs. Customer service representatives are required to learn their UNIX-based software code and the entire scope of the operation. This includes all processes regarding how books are ordered from publishers, transported from the

truck, delivered into the warehouse, etc. to determine process improvements. Amazon.com also uses customer feedback from email to maintain customer service with a database of standard responses personalized to customers' inquiries.

The earliest software development at Amazon.com concentrated on back-end logistics systems, invisible to the customer. The purpose of this strategy was to create a business model that worked efficiently with anticipated growth. Amazon.com established a transaction history for each customer, and created the metaphor "Shopping Cart" as described in the Transaction Processing Model in Chapter 2.

In the summer of 1996, Amazon.com introduced advanced searching capabilities enabling users to execute searches by author, title, subject, and publication date. Amazon.com uses search keywords throughout the catalog with 1.5 million titles in 23 subject categories, an example of the Directory and Search Model defined in Chapter 2.

Additionally, Amazon.com's in house editors provided customers with book recommendations, and alerted users to the availability of books by their favorite authors or subjects based on their past purchases. This is an example of the Personalized Portal Model, as Amazon.com maintains

the customer's personal preferences in the system, and provides customized information accordingly.

During their first week of business, Amazon.com booked sales of \$12,438, but shipped only \$846 of orders. Responding immediately to the need for improvement, they created an on-screen notification software application to monitor order fulfillment. The next week, the company booked sales of \$14,792 and shipped \$7,302. Amazon.com's growth continued, and during the first month online Amazon.com shipped orders to 45 countries and all 50 states (Saunders, 1999).

As the company grew, it fostered a feeling of a community for customers, an example of the Communities of Interest Model. It encouraged readers to write and submit book reviews, thereby assisting Amazon.com in generating additional content to the consumer while simultaneously giving readers an opportunity to contribute. Amazon.com also offered a unique system where orders were recorded, registered, and processed in real time immediately informing the customer of the order status, estimated time for delivery, and shipping and tax amounts.

Using the Personalized Portal Model, customers use their Amazon.com password to track their delivery status through UPS and

Airborne, for example, to minimize delays and miscommunication. This helps to promote Amazon.com's reputation for attentive customer service.

Amazon.com's business model is based on fast-turning inventory from a centralized, low-overhead operation. Unlike traditional booksellers, most books are ordered after a sale is made, thus increasing capital efficiency and potentially turning over its relatively small stock 150 times per year, compared to less than four times per year as in traditional stores.

Continual competitive analysis is used to emulate successes and improve on failures. In 1998, for example, Amazon.com realized the original model of an inventory-free online bookseller needed adjustment and created warehouses throughout the United States.

Amazon.com uses advanced technology to understand products and customers on an individual basis. By accumulating data on all customers, particularly order history, Amazon.com has created a unique database enviable by book publishers (Spector, 2000).

The Personalized Portal Model, as an important part of their strategy, customizes the shopping experience to the individual customer's tastes, buying habits, and browsing behavior. Returning customers are greeted by name and presented with several titles Amazon.com recommends based on previous purchases.

In July 1996, Amazon.com started an Associate program. This program provides discounts to customers who visit an associate's web site, while Amazon.com pays commissions and other incentives to those sites. By the fall of 1997, Amazon.com had 15,000 associates.

Amazon.com also had multi-year exclusive agreements with heavily trafficked web sites such as Yahoo!, Excite, Netscape, GeoCities, Alta Vista, Prodigy, and others where the results page of a customer's search would include an Amazon.com logo and suggestions for books on that subject (Hartman, 2000).

Prior to 1998, Amazon.com shipped to over 160 countries, representing more than 20% of total sales. In April 1998, it expanded its warehousing beyond the United States by acquiring a British electronic bookstore, providing access to all 1.2 million books in print in Britain as well as a major online bookstore in Germany.

Amazon.com's strategy is to become an electronic commerce destination, leveraging the company's customer base, competencies and brand name into products like videos and music. In April, 1998 it bought a British-based information base of over 150,000 movies and entertainment programs. In June 1998, it announced its move into music with initial stock of approximately 130,000 titles. In November 1998, Amazon.com

began selling VHS and DVD videos; 45 days later it was the number one video retailer on the Web.

Using its rise in company stock value to make strategic acquisitions, Amazon.com acquired over 10 companies, in whole or in part, between April 1998 and November 1999, using over \$600 million in stock. In August 1998, for example, Amazon.com acquired PlanetAll, a Web-based contact management service that includes self-updating address books, calendars, and reminders with access to more than 100,000 different interest groups. Another acquisition was Junglee Corporation, a search engine with a database of retailers, enabling users to conduct a competitive analysis based on product price. Both of these acquisitions provided Amazon.com with multiple features encouraging users to revisit the site as defined by the Internet industry as stickiness.

It also bought Alexa, a Web navigation service for \$250 million in stock, to track what sites people visit and provide suggestions regarding other sites they may find interesting, including a 13 terabyte database of Web activity. Additionally, it purchased 46% of drugstore.com, 35% of HomeGrocer.com and 50% of Pets.com. Fundamentally, however, Amazon.com strategy is to own the customer experience from start to finish, ensuring complete customer satisfaction.

Amazon.com also created online services they were unable to purchase elsewhere including a free electronic greeting card service and an auction site in March, 1999 to challenge eBay. Its auction site was positioned to help consumers find products, through individuals or merchants, capitalizing on its existing 8 million customers. To publicize the launch, Amazon.com held a benefit auction to the World Wildlife Fund, with all funds going toward the preservation of the Amazon rain forest in South America.

In October 1999, Amazon.com became the first major retailer to present its products through wireless phones, handheld units, and other non-PC devices over the Internet. This created an opportunity to take advantage of innovative, ever-changing technologies. Most of this development was performed by Convergence, based in Atlanta, which Amazon.com bought in August 1999 for \$20 million in stock.

In January 2000, Amazon.com modified its revenue focus selling placement on one of its homepages, taking advantage of the huge increase in revenue spent on Web advertising. This generated approximately \$332.5 million over a 3-5 year duration for home page placement from only three companies. (Spector, 2000)

Amazon.com has demonstrated how the Internet can be an economic phenomenon emphasizing selection, convenience, price, continuous improvement and strong attention to the customer experience.

Their current long-term vision is to become the commerce portal of the World Wide Web, for a consumer to come to Amazon.com and find any product they may want to buy.

Meanwhile, Amazon.com is in a constant state of metamorphosis striving to improve on its success in an evolving market, acknowledging new challenges are ahead. Even in the tough economic downturn of the post-September 11, 2001 terrorist attacks, Amazon.com is pledging to deliver their first operating profit for the fourth quarter of 2001 (Stoughton, 2001).

Cisco Systems, Inc.

Cisco is the world leader in networking products for the Internet with a market value of close to \$123 billion (as of July 8, 2001). Cisco's annual revenues have increased from \$69 million in 1990 when it first became a public company, to \$18.9 billion in fiscal 2000. Measured by market capitalization, Cisco was among the largest corporations in the world in 2000 ("Company Overview: Cisco Systems, Inc", July 8, 2001).

With leading edge Internet technology, Cisco spent its first 15 years firmly focused on the Internet communication products. Analysts estimate that more than 80% of Internet traffic flows over Cisco equipment at some point in the process (Schwartz, 1999). Since shipping its first product in 1986, Cisco has become a global market leader. Each of its 20 lines of business hold the number 1 or 2 marketshare.

Cisco was founded in 1984 by two Stanford University professors, Leonard Bosac and Sandy Lerner. Both mortgaged their houses and used credit cards for seed capital to finance this venture with friends gathered in their living room building routers and writing code.

Cisco is headquartered in San Jose, CA with major operations in North Carolina and Massachusetts, and more than 225 sales and support offices in 75 countries. It sells its products to approximately 115 countries through a direct sales force, distributors, value-added resellers and system integrators (www.cisco.com; Press room). Business Ethics Magazine named Cisco in their "100 Best Corporate Citizens for 2001", representing America's most profitable and socially responsible major public companies (One Hundred Best Corporate Citizens for 2001, March/April 2001).

Cisco's networking solutions connect people, computing devices, and networks allowing the access or transfer of information without regard to time, place, or computer system. The founders built routers and wrote code to develop the multiprotocol router (Nocera, 1995). A multiprotocol router recognizes message traffic in several different formats (i.e., protocols) allowing different types of computers and networks to use the same router simultaneously. This device enables incompatible computer networks to communicate. In 2000, it is estimated that Cisco produces four out of every five routers. Cisco is often referred to as the "plumber" of the Internet supplying fittings and valves needed to make network connections and the faucets and fixtures that enable those networks to link to the Internet (Rosenoer, 1999).

Cisco customers are in three target markets; Enterprises, Service providers, and Commercial organizations. Enterprises include large organizations with complex networking needs, usually in multiple locations with various computer systems. This often includes customers such as corporations, government agencies, utilities and educational institutions. The enterprise market was a \$16 billion market in 1999 and Cisco generates approximately 50% its total revenue from this segment.

Service providers include companies that provide information services including telecommunication carriers, Internet Service Providers, cable companies and wireless communication providers. This service provider segment was a \$9 billion market in 1999 and accounted for approximately 30% of Cisco's revenue.

The Commercial target market, representing approximately 20% of Cisco's revenue, includes companies or consumers with a need for data networks or Internet connection for themselves or a business partner. This commercial target market was a \$14 billion market in 1999.

Cisco established its e-commerce program in August 1996 and is currently the world's largest Internet commerce site, with 90% of orders transacted via the Web (www.cisco.com; Press Room). With over 10 million pages, there are 300-400 content-development employees, and 40 gigabytes of data. In the first five months, online selling generated \$75 million. Currently generating \$32 million a day, Cisco's electronic commerce accounts for 80% of the company's total revenue. The estimated total savings provided by the site in 1998 is \$600 million (Roush, 1999).

One of the first online programs was called an Online Status Agent, which allowed customers to track the progress of their orders. The next

online initiative included posting the prices of all Cisco products. Third came the program that enabled customers to select compatible parts of expensive and complex items such as routers. These are the principal components of “Cisco Connection Online” (Tully, 1998).

Cisco’s online configuration and customization is described as an online “build-to-order” process. Customers configure products or suites of products to meet highly specific, specialized needs online, and receive product support, credit checking, and other services. The result is lower overhead, faster time-to-market, and reduced costs creating satisfied customers.

Cisco achieved the top position on Net-Marketing’s 1999 list of the top 200 business-to-business web sites using the Internet to integrate its entire operation and its suppliers and customers (Roush, 1999). This represents an E-Marketplace model as defined in Chapter 1. Cisco’s E-marketplace provides the core offering of products, resources, and expertise to help customers re-engineer their companies into a fully integrated, network-driven organization, configuring a virtual supply chain (Stauffer, 2000).

This comprehensive approach that Cisco calls Internetworking is a revolutionary level of customization. Cisco builds a fully integrated, highly

sophisticated system customized to the specific needs of an organization to increase the organization's profitability.

Cisco is shaping the way companies integrate internally, with their customers, and with other businesses. They work with large organizations that have their own complex networks, with Internet service providers, and will small and medium-sized business that need data networks or Internet connection. Customizing these interactions for each client, making them efficient and cost effective, have created a unique opportunity for Cisco.

For example, Sprint reduced a 50-day work order cycle with 21 order-processing employees to approximately 40 days with only 6 order-processing employees (Tuly, 1998). This is an example of a significant efficiency gain via Internet technology.

Cisco's e-commerce model uses specific contracts among a predetermined set of participants (i.e., a "private" E-marketplace). Custom catalogs reflect these pre-negotiated contracts yielding specific terms, conditions, and pricing. Purchase orders are transacted, often requiring different levels of company approval with specific work order routing through a pre-defined automated process. Security and privacy issues are critical in this model to control who participates in this process and who has access to competitive information.

Cisco creates the entire production process, but currently incorporates “virtual manufacturing” where suppliers make all the components and perform 90% of the subassembly work and 5% of the final assembly (Jones, 1999). The result is a saving of between \$500 million and \$800 million in 1999 as compared with the costs of owning those plants (Port, 1999).

With approximately a 15% increase in productivity among account executives and sales engineers, half online orders go directly to Cisco’s subcontractors to manufacture, test, and ship the equipment direct to the customer. Over 70% of customer support calls are handled over the Internet with no real-time involvement of a Cisco employee (Stauffer, 2000.) Without automated sales support, Cisco estimates it would need well over 1,000 additional engineers (Tuly, 1998).

The company’s aggressive Internet presence has boosted revenues per employee by 20% to approximately \$650,000 versus an average \$396,000 for the S&P 500 and \$253,000 for Lucent Technologies, Cisco’s top competitor (Reinhardt, 1999).

The site’s Request-For-Quote (RFQ) capability can assist with online RFQ preparation, distribution through various corporate workflow processes, negotiation, and quote award. This is another example of E-

marketplace model functionality as defined in Chapter 1. Electronic communication of RFQ and bid information dramatically reduces cycle time, reduces human error, and extends the reach to suppliers.

Cisco further leverages the power of the Internet to streamline their own internal operations attributing \$500 million savings in annual operating expenses to its networked business model. The recruiting process, for example, receives resumes via the Internet, leading to an \$8 million recruiting cost reduction (Rosenoer, 1999). Additionally, the company's "virtual" close of quarterly financial reports follows the calendar date of the quarterly close by only 24 hours.

John Chambers, Cisco's CEO, earned degrees in law and business and rose through the ranks in sales and sales management. As a former sales executive at IBM and Wang Laboratories, Inc., Chambers manages as if competitors will eliminate Cisco immediately. Chambers stresses customer satisfaction as critical sifting hard lessons learned at IBM and Wang. In the 1990's, Cisco restructured seven times to align with the customer's needs. Additionally, Cisco conducts surveys continually to determine strengths, weaknesses and opportunities (Daly, 1999). Strategic direction is formed the company's leading customers.

Cisco was rated number two in Fortune Magazine's annual "American's Most Admired Companies" survey (American's Most Admired Companies, February 5, 2001) with criteria including using tireless innovation, robust financials and ability to lure and retain a solid employee base.

Cisco was also named as one of American's most profitable and socially responsible companies by the Business Ethics Magazine (March/April 2001). This index was based on categories including local communities, minorities, employees, global stakeholders, customers, the environment, and a stockholder performance measure. Cisco's stockholder performance measure of total return for 1997 – 1999 was 104% (Business Ethics Magazine, March/April 2001).

Cisco Systems provides an excellent example growth in the Internet business using mergers and acquisitions. During a seven year period, Cisco acquired 70 companies for over \$34 billion. Cisco selects acquisition targets that manufacture sophisticated hardware and software to integrate into Cisco's customer offering. The result is a cost reduction for both customers and Cisco (Rosenoer, 1999).

Cisco's ideal acquisition is a small startup with a strong technology product market-ready in 6 to 12 months. Placing a strong emphasis on

the cultural fit between themselves and the acquisition target, Cisco considers the company's vision, short-term success with customers, long term strategy, the chemistry between both companies, and their geographic proximity (Daly, 1999).

Cisco also has a dedicated integration acquisition team to build a corporate culture to maintain its remarkable ability to retain employees gained through acquisitions. These factors are demonstrated as a result of Cisco being rated one of "America's Best Companies to Work For" by Fortune Magazine's annual survey (America's Best Companies to Work For, December 18, 2000).

Cisco is the acknowledged champion of business-to-business e-commerce and has demonstrated how the Internet can be a financial success by emphasizing a business-to-business e-Marketplace model on a large scale. Cisco's CEO, John Chambers, believes companies must change almost every two years to gain marketshare in a transitioning market (Brandt, 1998). Cisco intends to continue to do so to maintain their market leader position.

Nonprofit Sector Technology Survey

The researcher collected survey data personally via the telephone from nonprofit sector participants. This method seeks to determine a wide variety of information regarding the current state of technology directions, perceptions, etc. All data and results are based on the sample set, which is believed to be a true representation of the landscape of nonprofit organization with international relief missions and an Internet presence.

Nonprofit Sector Survey Sample

Twenty nonprofit organizations were selected with a focus on international relief and development missions. Thirty percent of survey participants were included in the Top-Rated Charities list from the American Institute of Philanthropy (AIP). This list includes charities that the AIP promotes for spending 75% or more towards program costs while generally spending 25% or less for fund raising or administrative costs. Others were selected based on a diversity of missions and technical sophistication.

As with any survey, a larger sample set could be viewed as more accurate. However, the varieties of nonprofit organizations use very specific Internet models creating a solid base. Twenty-five percent of the

sample set represented an Internet model overlap, all to the Communities of Interest Model. For example, the primary model of a nonprofit organization's Internet presence may be Transaction Processing. However, it may also offer Communities of Interest functionality.

The table in Appendix B presents the number of nonprofit organizations represented by Internet model in the sample set. This chart displays a larger number of Transaction Processing Models represented in the survey than any other Internet Model. It can be conjectured that many nonprofit organizations are focused on increasing online donations. Brokerage and E-Marketplace Models had no survey representation. This is most likely due to the sophistication of these models with less immediate donor dollar increases. This is examined in more detail in the Interviews with Industry Leaders section.

Survey Sample Set

Nonprofit organizations were selected with a focus on international relief and development missions and are categorized by the Internet models defined in Chapter 1. The following is a summary of participants and a corresponding brief profile for each.

Table 2. Survey Sample Set

Nonprofit Organization	Mission
1. American Red Cross, Merrimack Valley	Responds to emergencies and delivers health and safety services.
2. American Youth Foundation	Develops leadership capacities of youth.
3. CARE	Provides international disaster preparedness and relief services.
4. Catholic Charities	Represents the U.S. Catholic community by helping people, regardless of creed, in more than 80 countries around the world through relief and development.
5. Charity.ca	Canadian-based program that works with both donors and representatives from charities to provide an online service to benefit Canadian charities and the donors who support them.
6. Direct Relief International	Provides appropriate ongoing assistance to health institutions and projects worldwide, which serve the poor and victims of natural and civil disasters without regard to political affiliation, religious belief, ethnic identity or ability to pay.
7. Doctors Without Borders/Medicines Sans Frontiers (MSF)	International medical relief organization aiding victims of armed conflict, epidemics, natural and man-made disasters, and others who lack healthcare due to social marginalization.
8. (The) Giving Network	Provides funding to various nonprofit organizations.
9. Global Volunteers	Provides volunteer teams to international communities to work with impoverished people on human and economic development projects, important to their long-term development
10. Habitat for Humanity, Greater Nashua	Local affiliate of Habitat for Humanity International, building simple, decent, affordable housing in partnership with people in need of adequate shelter.
11. Heifer Project International	Works to alleviate hunger, poverty and environmental degradation.
12. Joslin Diabetes	International leader in diabetes research, patient care and training.
13. Kidsave In NH	Seeks to prevent abandonment and institutionalization of International orphans, encourages family rehabilitation and reunification, and facilitates adoption.
14. Leave A Legacy	Private grant-making foundations (philanthropy, voluntarism, and public benefit).

Nonprofit Organization	Mission
15. Ox-fam America	To promote self-sustaining programs for the poor and the needy.
16. Philanthropic Research, Inc.	Generates and distributes extensive information about over 700,000 charitable nonprofit organizations.
17. Quakegjarat	Online opportunity to learn details regarding recent earthquakes and relief work updates in India.
18. Technoserve	Assists entrepreneurial men and women in poor rural areas of the developing world to build businesses that create income, opportunity and economic growth for their families, their communities and their countries.
19. United Way International	Helps build community capacity for a better quality of life worldwide through voluntary giving and action.
20. World Neighbors	Works with the rural poor in Asia, Africa, and Latin America to strengthen their ability to find practical solutions to problems of hunger, poverty, and disease.

Raw Survey Data Results

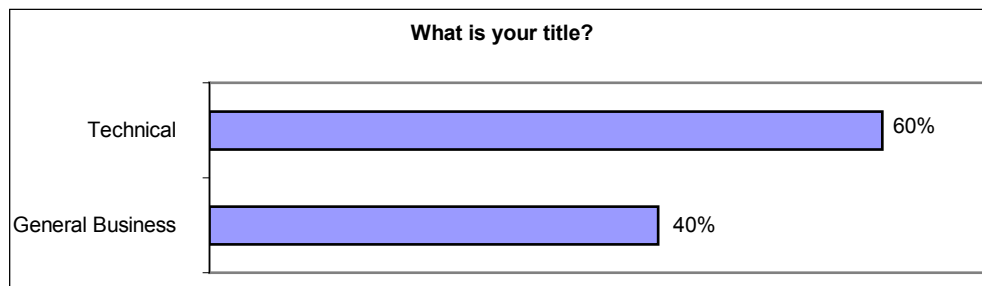
Twenty-two questions were included in the survey (Appendix A) and asked to all survey participants. Only completed surveys were accepted and integrated into the results. Some questions allowed multiple responses and are detailed accordingly in the results.

The questions and responses have been segmented into three categories: 1) Introduction of Internet Technology, 2) Strategic Plans, and 3) Metrics/Measures of Success. The details and summary of each are presented below.

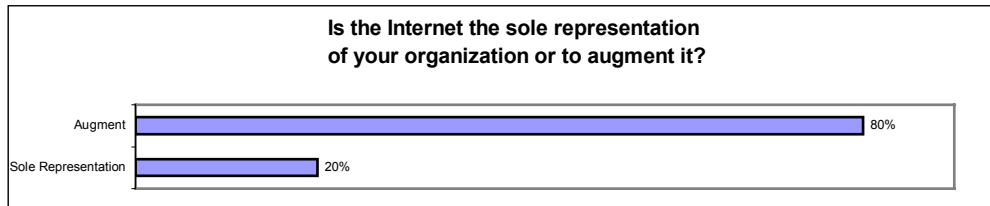
Introduction of Internet Technology

The Introduction of Internet Technology survey questions and responses were intended to ground responses by regarding the participant's technical expertise and the intended outcome of Internet use for their nonprofit organization. Over half the participants (60%) had technical/Internet relevant titles. Some of these included Webmaster, Technical Sales and Operations Manager, Internet Strategist, Manager of Development Systems, web site Coordinator, Graphic Arts Web Editor, and Internet Project Manager. The remaining participants (40%) had general business titles including President, Administrator, Development Director, and Volunteer Coordinator.

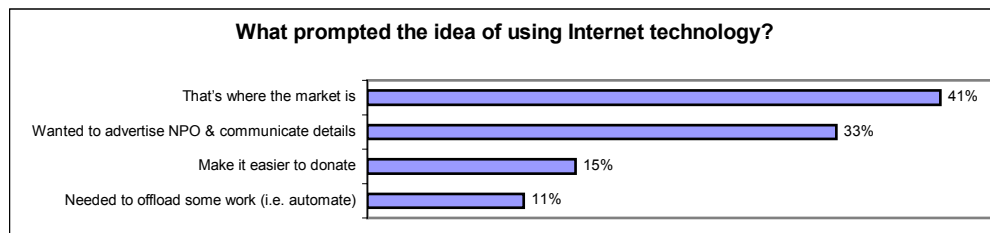
Figure 2: Survey – Title of Respondent



A large majority of participants (80%) use the Internet to augment existing business. Only 20% of participants use the Internet as the primary mode of business.

Figure 3: Survey – Organization Representation

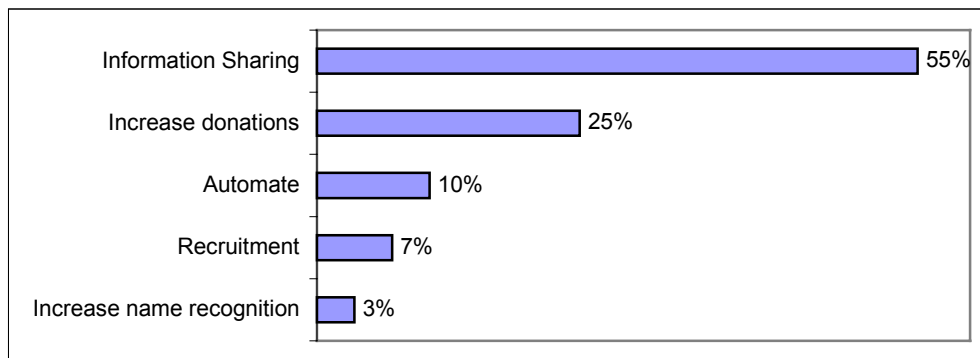
Forty-one percent (41%) of the survey participants stated the use of Internet technology was prompted by the current market, often repeating the response “That’s where the market is”. Other responses included wanting to advertise information about the nonprofit organization and communicate details (33%), make it easier to donate (15%), and needing to offload some work and automate (11%). Multiple responses were allowed for this question.

Figure 4: Survey – Prompt of Internet Development

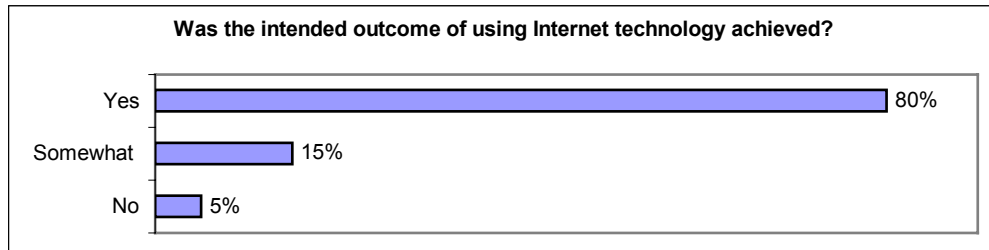
A large percentage of the survey participants (55%) stated information sharing about the nonprofit organization was the intended outcome of using Internet technology. This provided the opportunity to reach donors and educate them regarding the nonprofit mission.

Increasing donations (25%), automating processes (10%), recruitment (7%) and increasing name recognition (3%) were other intended outcomes provided by the Internet. Multiple responses were allowed for this question.

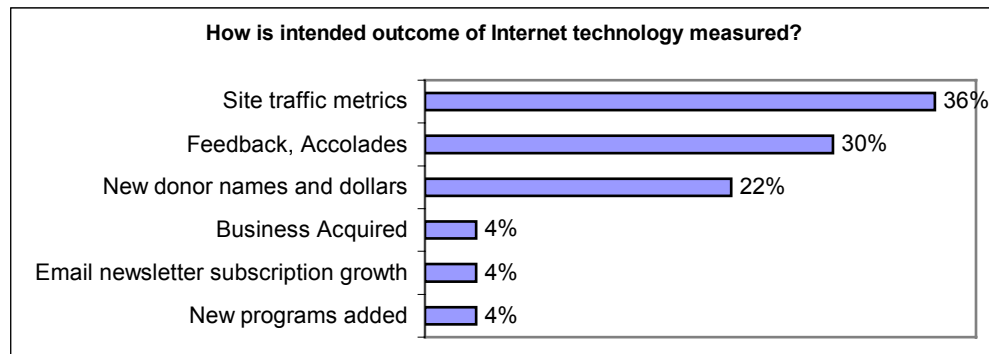
Figure 5: Survey – Intended Outcome



A high percentage of survey participants (80%) reported the intended outcome of using Internet technology was achieved. Some of the participants felt the intended outcome was achieved somewhat (15%) or not achieved (5%). Participants who stated their intended outcome was achieved “somewhat” described their Internet site as “in transition” that would be greatly improved in a specified timeframe.

Figure 6: Survey – Result of Intended Outcome

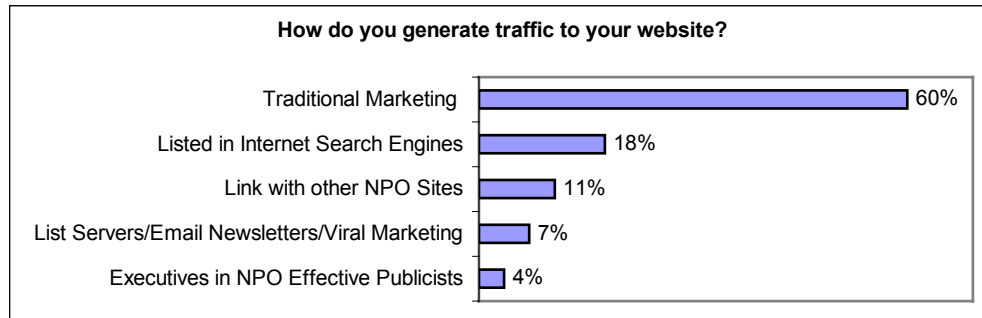
Those representing organizations that did not achieve their outcome elaborated stating nonprofit organizations in general were not ready for more advanced functionality or a more complex Internet model, which was this company's primary focus. This will be reviewed in more detail in the Results by Internet Model section.

Figure 7: Survey – Measurement of Outcome

When responding to how this outcome is measured, the survey accepted multiple responses per participant. The largest response was the use of site traffic metrics (36%) to measure this outcome. Other

methods to measure if the original outcome of Internet technology was achieved include feedback (30%) from employees, volunteers, and the Board of Directors including accolades and online surveys. New donor names and dollars (22%), business acquisition (4%), Email newsletter subscriber growth (4%), and the number of new programs added (4%) rounded out the results.

The Introduction of Internet Technology section finishes with a question asking how these nonprofit participants generate traffic to their web site. Multiple responses were accepted for this question. A large majority (60%) stated the use traditional marketing. This includes business cards, letterhead, brochures, and including the URL (i.e., "Universe Resource Locator"; Internet address) on outgoing telephone messages, newsletters, and other marketing materials. Twenty percent (20%) of this majority incorporate "push technology" to notify donors or perspective donors of the web site. This technology can include unsolicited emails and direct mail announcements of the nonprofit organization's Internet abilities.

Figure 8: Survey – Traffic Generation Method

Ensuring their organization is listed in Internet search engines (18%) was the second most popular response regarding generating Internet traffic. Some take a less active role by linking to other nonprofit organization web sites (11%). Others (7%) use list servers/email newsletters and viral marketing to generate Internet traffic. Four percent (4%) of the total respondents use their nonprofit organization executives as publicists to convey the organization's Internet message and promote its use. This includes frequent travel and speeches promoting the Internet's effectiveness, and posting to list servers/email newsletter/viral marketing.

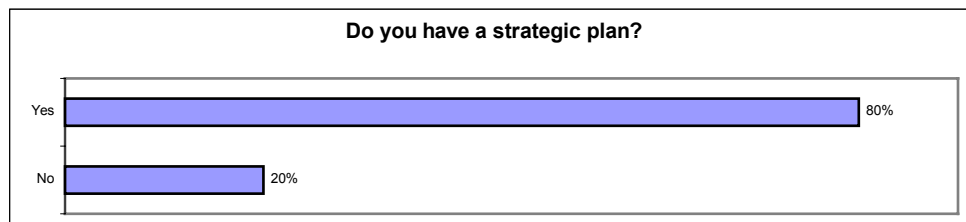
In summary, a large majority (80%) uses the Internet to augment existing business and was prompted to use Internet technology to follow the market trends (41%). The top two responses for intended outcome of Internet technology include information sharing (55%) and increase

donations (25%) with 80% stating their original Internet objective has been achieved measured by site traffic metrics (36%) and less formal feedback (30%). The majority (60%) of survey participants reported the use of traditional marketing to generate site traffic, followed by 18% listing in Internet search engines.

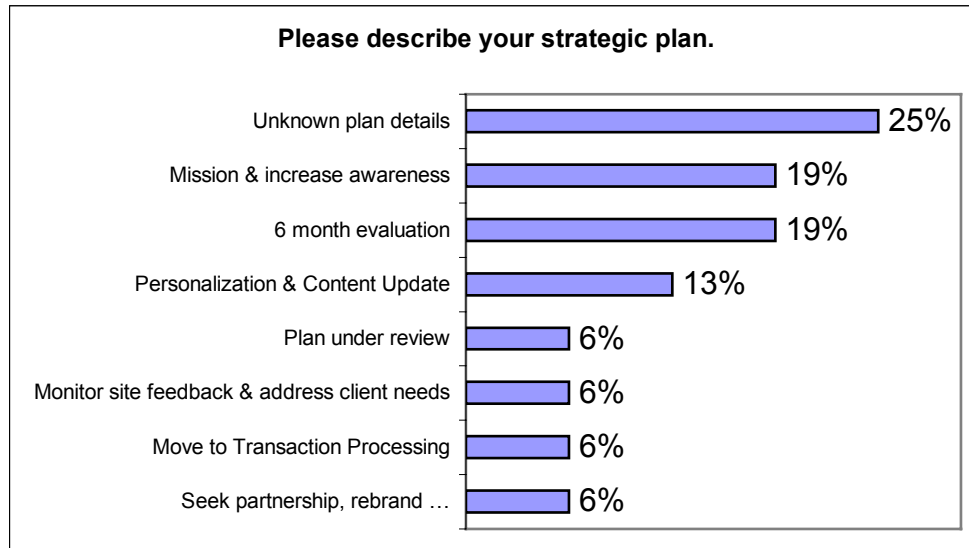
Strategic Plan

The Strategic Plan survey questions and responses were intended to determine the participant's planning expertise and the Board of Director's involvement.

Figure 9: Survey – Existence of Strategic Plan



An overwhelming 80% of survey participants reported having a strategic plan in place regarding the Internet. Those who did not have a strategic plan in place regarding Internet technology sited the lack of time and/or funding as hindering factors.

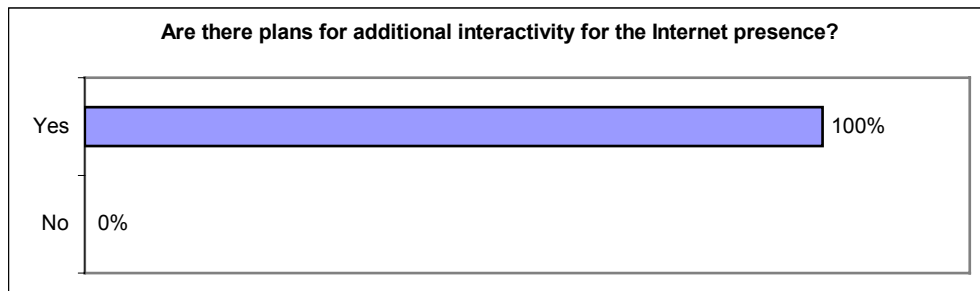
Figure 10: Survey – Strategic Plan Description

Multiple responses were accepted when asked to describe details of the strategic plan. The majority response with twenty-five percent (25%) reported the plan details as unknown. These respondents are, however, involved in the nonprofit organization's Internet site daily, and were insistent that a plan does exist. There was a two-way tie for the second and third responses with nineteen percent (19%) which stated it focused on the nonprofit organization's mission and a 6 month evaluation (19%).

Thirteen percent (13%) described the strategic plan as increased personalization and content update. Other participants described their strategic plan to include the plan was under review (6%), monitoring site

feedback and addressing clients needs (6%), moving toward Transaction Processing (6%), and seeking partnership/rebranding (6%).

Figure 11: Survey – Plans for Additional Interactivity



All respondents (100%) stated their existing Internet presence is currently in a state of evolution with tactical plans to add more interactivity.

The survey question to describe interactivity plans allowed multiple responses. Updating web site content including graphical designs and making the site “more interactive” with donors represented the majority of responses with 41% each. Adding online donation capability (i.e., Transaction Processing Model) received 8% of the responses and the others included stabilizing the existing site (5%), and personalization (5%) were other immediate priorities.

Figure 12: Survey – Description of Interactivity Plans

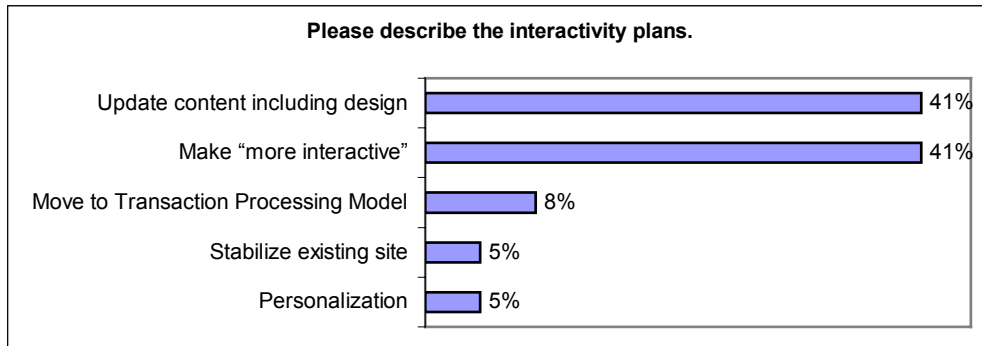
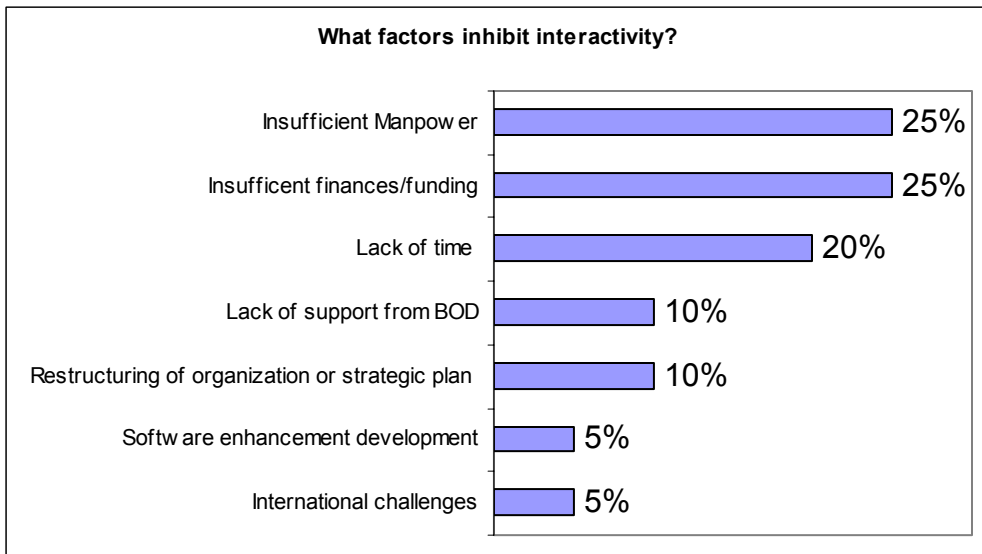


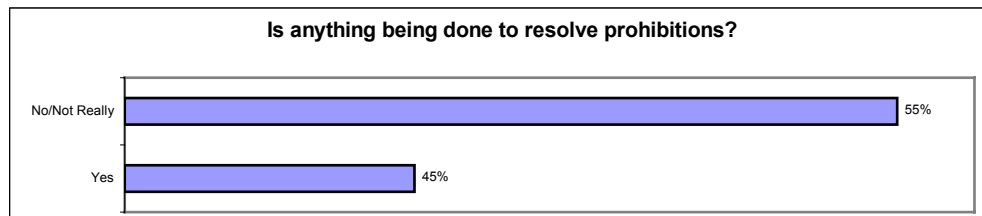
Figure 13: Survey – Inhibitors of Interactivity Plans



Reasons for delays in implementing interactivity include insufficient manpower (25%), insufficient finances/funding (25%) lack of time (20%), lack of support from the Board of Directors (10%), organization or strategic plan restructuring (10%), waiting for software enhancement development (5%), and international challenges (5%). International challenges include

government bureaucracy issues. Multiple responses were allowed for this question.

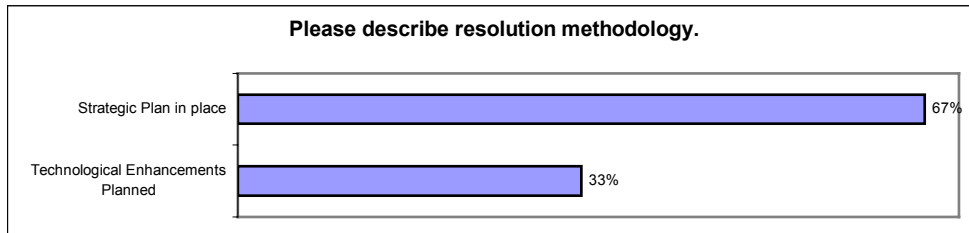
Figure 14: Survey – Resolution of Inhibitors in Process



Fifty-five percent (55%) of those survey participants who reported delays in implementing additional Internet activity stated they are not taking action to resolve the inhibiting factors. This number excludes those involved in an organization or strategic plan restructuring.

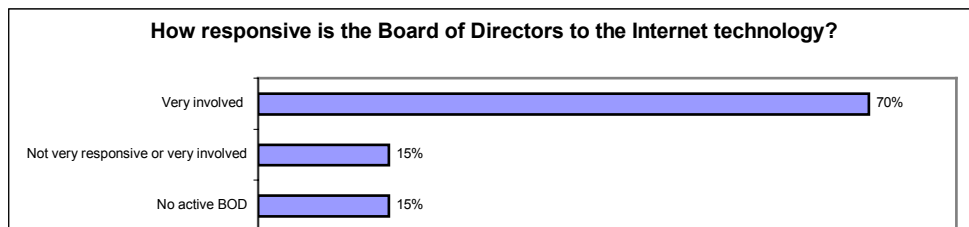
Sixty-seven percent (67%) of these respondents with a plan to address inhibiting factors in Internet enhancements have a strategic plan in place. Others have technological enhancements planned (33%), which may include additional site features, functionality or a more sophisticated Internet model.

Figure 15: Survey – Resolution of Interactivity Inhibitors



A majority of survey participants (70%) reported their Board of Directors was very involved in Internet technologies in their nonprofit organization. Fifteen percent (15%) reported their board was not very involved citing they were too slow or not sufficiently technically savvy. The remaining 15% stated they had no active board.

Figure 16: Survey – Board of Directors Responsiveness



In summary of the Strategic Plan survey questions and responses, 80% of respondents have a strategic plan regarding their Internet technologies and their existing Internet presence is currently in a state of evolution with tactical plans to add more interactivity. The most common

interactivities (41%) was to update web site content including graphical designs and make it more interactive (41%).

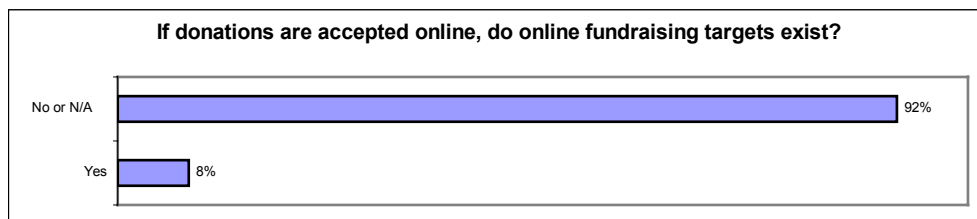
The significant majority (25%) of survey participants however, could not describe the strategic plan, even at a high level. These respondents are, however, involved in the nonprofit organization’s Internet site daily, and were insistent that a plan does exist.

Although a majority of survey participants (70%) reported their Board of Directors was very involved in Internet technologies in their nonprofit organization, 15% of participants reported they did not involve their board in Internet technology decisions. The boards not involved were reportedly either too slow (50%) or not technically savvy (50%).

Metrics/Measures of Success

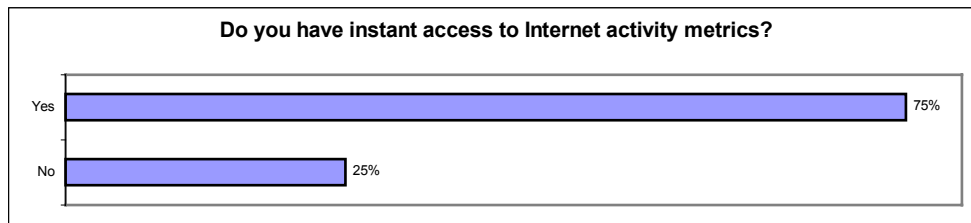
The Metrics/Measures of Success survey questions and responses were intended to determine how survey participants define success and understand if that success is achieved.

Figure 17: Survey – Existence of Online Fundraising Targets



Of those survey participants currently accept donations online, 100% are tracking online donations separately from other sources of donations. An overwhelming majority (92%) does not have online fundraising targets for online donors. The 8% with fundraising targets earn much more with online donations than those who do not.

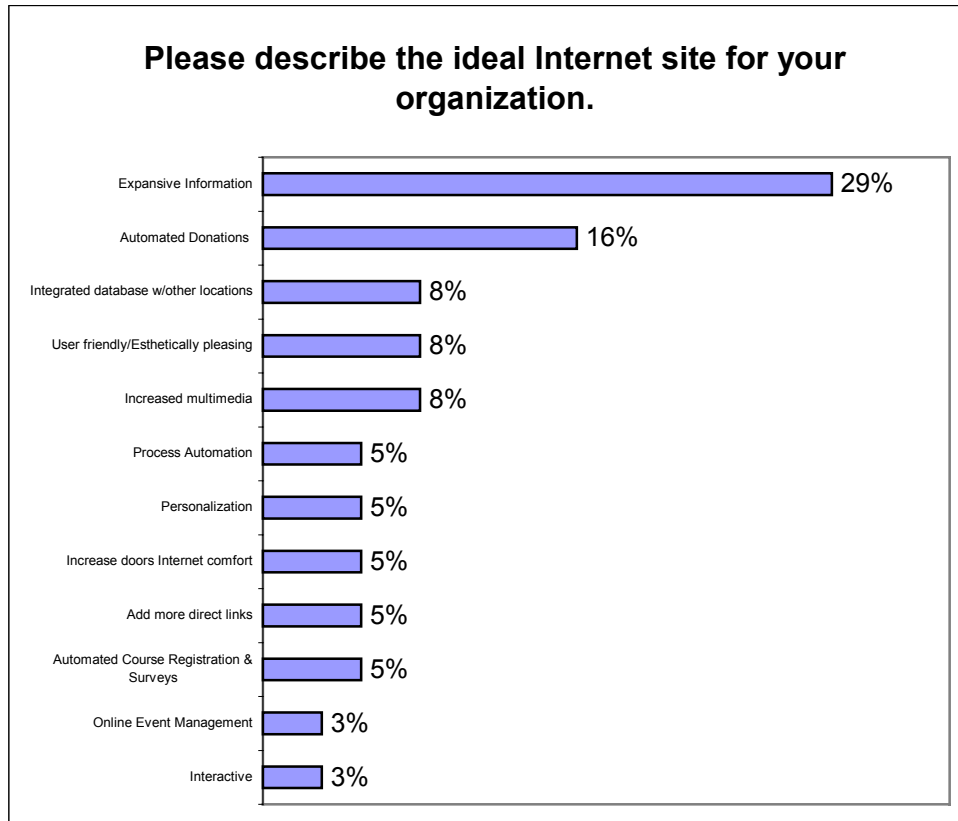
Figure 18: Survey – Instant Access to Metrics



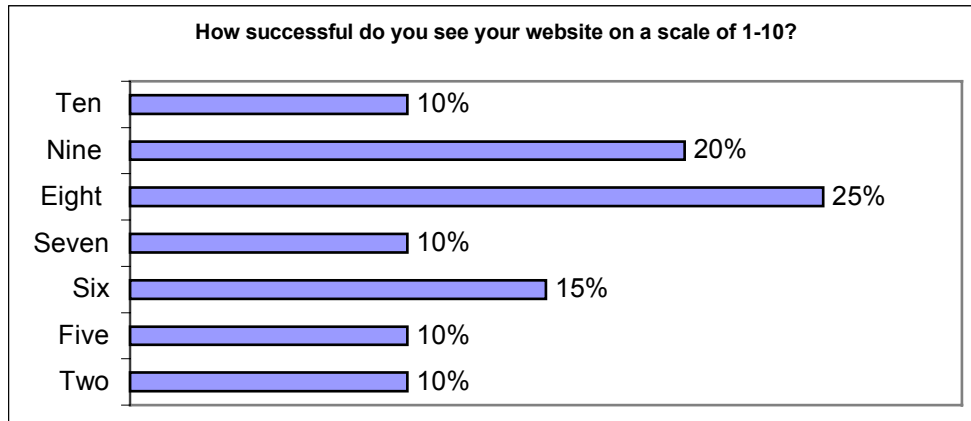
All respondents reported tracking Internet metrics, including hits per page, etc. Seventy-five percent (75%) of respondents have instant access to Internet activity metrics. However, 25% do not have instant access despite their daily involvement with the web site.

Survey participants were asked to describe their ideal Internet site without restraints to time, funding or manpower using multiple responses if necessary. Multiple responses were allowed. The top two responses include expansive Information (29%) and automated donations (16%).

Figure 19: Survey – Ideal Internet Site



The next responses include integrate database with other locations (8%), user friendly and esthetically pleasing (8%), and increased multimedia (8%). The next level of responses include process automation (5%), personalization (5%), increase donors Internet technology comfort (5%), add more direct links (5%), and automated course registration and surveys (5%). The remaining responses regarding the ideal Internet site include online event management (3%), and interactive (3%).

Figure 20: Survey – Success of Internet Presence

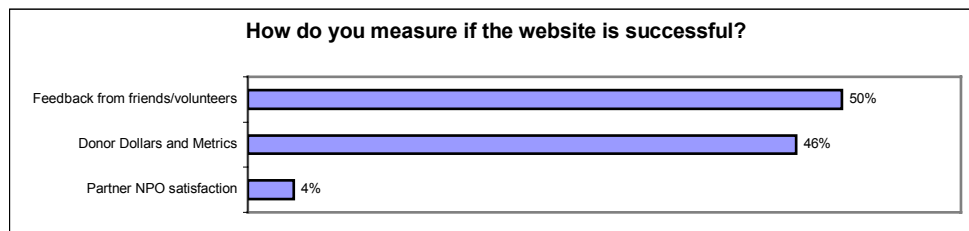
Respondents were varied regarding how successful they rated their web site on a scale of one to ten with the largest majority of survey respondents (25%) reporting an eight rating. Over 50% of the ratings were between a ten rating and an eight rating. This breakdown includes ten rating (10%), nine rating (20%), and eight rating (25%).

The remaining 45% of ratings are seven rating (10%), six rating (15%), five rating (10%), and two rating (10%). The lower rating scores were often accompanied by responses regarding enhancements in progress. One participant provided a URL of work-in-progress as proof of pending Internet site development improvements.

When asked how the web site success is measured, the majority responded citing feedback from friends/volunteers (50%). Donor dollars

and site metrics (46%) and partner NPO satisfaction (4%) were additional responses. One respondent commented “When the costs of the Internet technology are surpassed by dollar donors.” Multiple responses were allowed for this question.

Figure 21: Survey – Measurement of Success



In summary of the Metrics/Measures of Success survey questions and responses, 100% of those who collect donations online are tracking them separate from other donation methods. Only 8% of those, however, have online fundraising targets. Seventy-five percent (75%) of respondents have instant access to Internet activity metrics, which translates to 25% who work with the nonprofit organization’s Internet daily who do not have access to this metric data. Site metrics can include but are not exclusive to site reach (e.g., number of new site visitors, new registrants, etc.), online donor dollars, most requested pages/site areas, and quality control metrics including (e.g., server uptime, frequency of broken links, etc.).

The top two responses describing the ideal Internet site included expansive information (29%) and automated donations (16%).

The majority of survey participants rate their web site a eight rating (25%) on a scale of one to ten. Fifty-five percent (55%) of all respondents rate their site between a ten rating and eight rating. The remaining 45% rate their sites between a seven rating and a two rating.

Analysis by Internet Model

Brochureware Model

One survey participant uses the Brochureware model. The Internet is the primary representation of this nonprofit opportunity, prompted by needs to advertise the program and communicate details. It was described by the participant as “is the quickest medium to communicate in a technology-driven world to reach a greater mass than [more traditional, non-Internet] channels”. This intended outcome of using Internet technology is achieved and is measured by feedback from people who use the web site.

Traditional media and word of mouth drive site traffic. There is no strategic plan because the site was created as a quick response to disaster planning. There are plans to add more interactivity to the Internet

presence, including more interactive features, including online help and feedback, and government information. International challenges include government bureaucracy in the developing country this Internet site as a hindrance to rapid implementation of this interactivity. Action is being taking to resolve these issues.

The Board of Directors is very involved in the Internet technological plans/enhancements/operations. Although online donations are not accepted for this site, a partner site has been created to accommodate donations, which has met online fundraising targets.

An ideal Internet site is described as one that contains correct, non-duplicate information. On a scale of one to ten, the current web site is given a seven rating, which is measured by meeting/exceeding its goals.

Basic Interactivity Model

All of the survey respondents of the basic interactivity model use the Internet the augment existing business. The top two responses that prompted of using Internet technology were the need to offload work (i.e., automate) and wanting to advertise the program and communicate details (40%). The last response “that’s where the market is” was reported by 20% of participants.

Information sharing is the intended outcome of this technology for 80% of basic interactivity participants. The remaining 20% cited recruitment as another intended outcome of this technology.

All participants report the intended outcome of using Internet technology was achieved using site traffic metrics (43%), feedback (43%). Adding new programs (20%) was also a method of measurement.

Traditional marketing is used by a 71% of participants to generate traffic to the web site, while the remaining participants use listing in Internet search engines (14%) and posting to list servers/mail newsletters and viral marketing (14%) to generate site traffic.

All participants report having a strategic plan in place which includes a 6 month evaluation of metrics and modify accordingly (40%), continue to update content and make it more personal (40%), and strategic plan under review (20%).

One hundred percent (100%) of respondents plan to add more interactivity to the Internet presence. Fifty-seven percent (57%) plan to Update content including design, 43% plan to make it more personal, interactive and user friendly with video, photos, etc. including database interaction.

Factors currently inhibiting implementing these plans for interactivity include lack of manpower (43%). Additional inhibiting factors include change in internal organizational structure or strategic plan (14%) and Board of Directors (14%). Sixty-seven percent (67%) are taking action regarding these factors including technological enhancements (33%) and a strategic plan in place (67%).

All participants (67%) state the Board of Directors is very involved and very responsive in the Internet technological plans, enhancements and operations. Thirty-three percent (33%) state the board is not very responsive or involved. Reasons for this lack of involvement include not sufficiently technically savvy and too slow to act.

Only 20% of survey participants use the Internet to accept online donations. Of those, all track online donations separately, although no participants have fundraising targets for online donors.

Sixty-percent (60%) of all respondents have immediate access to Internet metrics being tracked. However, 40% do not have access to this information despite being involved in Internet implementation.

When asked to describe their ideal Internet site, 33% of Basic Interactivity participants sited a variety of online donations entirely automated. This includes credit card donations, gift catalogs, stock

donations, and bequests with features such as address updating and scheduled donations with automatic fund transfers. An additional thirty-three percent (33%) stated expansive information readily available. Other responses include add more direct links (11%), process automation (11%), and a completely integrated database with other office locations (11%).

The Basic Interactivity model had the most dispersed results when asked to rate their web site's successful on a scale of one to ten with the majority rating their web site as an eight rating (40%). The remaining responses include five Rating (20%), seven (20%), and nine (20%). Forty percent (67%) of basic interactivity model participants measure the success of the web site using feedback from friends, volunteers, BOD, online surveys and accolades. The second most popular reason to measure the web site is successful includes donor dollars and metrics (17%) and partner nonprofit organization satisfaction (17%).

Directory and Search Model

All of the survey respondents of directory and search model state the Internet is the mode for their business. Responses regarding what prompted the idea of using Internet technology were split evenly between

“that’s where the market is” (33%), wanting to advertising the nonprofit organization and communicate details (33%), and make it easier to donate (33%).

Information sharing is the intended outcome of this technology for 75% of directory and search participants. Recruitment is the other intended outcome of using Internet technology. All participants’ report the intended outcome of using Internet technology was achieved siting feedback (67%) and number of new programs added (33%) as methods of measurement.

Traditional marketing is used by a 50% of participants to generate traffic to the web site, while other participants site being listed in Internet search engines (25%) and executives as effective publicists (25%).

All participants have a strategic plan in place. Thirty-three percent (33%) of respondents describing it as a 6 month evaluation of metrics and modify accordingly, monitor site feedback and address client needs (33%) and 33% stating the strategic plan is under review.

One hundred percent (100%) of respondents plan to add more interactivity to the Internet presence. Sixty-seven percent (67%) of this interactivity includes update content including design to describe the plans

to add this interactivity, while 33% includes plans to move to Transaction Processing.

Factors currently inhibiting implementing these plans for interactivity include time (50%) and change in internal organizational structure or strategic plan (50%) although there are no plans to change these hindrances.

Sixty-seven percent (67%) of participants state the Board of Directors is very involved and very responsive in the Internet technological plans, enhancements and operations. The remaining 33% did not involve the board in Internet activities stating they are too slow to respond or not sufficiently technically savvy. This model does not accept donations online.

When asked to describe their ideal Internet site, 50% of Directory and Search participants stated expansive information readily available. Other responses include online event management (25%) and increase donors comfort level with Internet technology (25%).

The Directory and Search model respondents rated themselves with results when asked to rate their web site's successful on a scale of one to ten with a rating of eight (67%) and nine (33%).

Transaction Processing Model

All of the survey respondents of the Transaction Processing model state the Internet used to augment their business. When asked what prompted the idea of using Internet technology, the majority responded “that’s where the market is” (47%), with other responses including wanting to advertising the nonprofit organization and communicate details (29%), make it easier to donate (18%) and needing to automate to offload work (6%).

Information sharing is the intended outcome of this technology for 40% of Transaction Processing participants, while other intended outcomes include increase donations (35%), automate (15%), recruitment (5%), and increase name recognition (5%). Sixty-four percent (64%) of these respondents stated the intended outcome of using Internet technology was achieved, while others stated the intended outcome was achieved somewhat (27%) and not achieved (9%).

The majority of respondents measured the intended outcome by site traffic (44%), while others used new donor names and dollars (38%), feedback (13%), and email newsletter subscribe list growth (6%) as measures.

Traditional marketing is used by 60% of participants to generate traffic to the web site, while other participants reported using their executives as effective publicists (20%), link with other partners (13%) and post lists to list servers/email newsletter/viral marketing (7%).

The majority of respondents (73%) have a strategic plan in place, although the majority (33%) could not describe the plan with any detail. Others reported plans to were focused to increase customer awareness (22%), plan under review (11%), focus on nonprofit organization's mission (11%), move to transaction processing model (11%) and a detailed plan including detailed electronic tools and systematic methods to seek partnership, rebrand, address traditional fundraising online (11%).

All respondents have plans to add more interactivity to the Internet presence, with the majority planning to make it more interactive and user friendly (45%) adding more personal information including photos, videos, and a database. Other interactivity plans include: updating content including design (27%), stabilizing existing site (9%), expand transaction processing capabilities (9%) and add personalization (9%) which includes user login and customizable interfaces.

Factors currently inhibiting implementing these plans for interactivity include finances/funding (40%), lack of time (20%), insufficient

manpower (20%), Board of Directors (10%) and software enhancements (10%). Forty percent (40%) of respondents are working toward resolving these issues using an equal split of technological enhancements and strategic plans while 60% are not resolving these issues.

Seventy-three percent (73%) of participants state the Board of Directors is very involved and very responsive in the Internet technological plans, enhancements and operations. The remaining 27% did not involve the board in Internet activities stating they are too slow to respond or not sufficiently technically savvy.

All survey participants in the Transaction Processing model are accepting online donations and are tracking them separately from other donations. However, only 9% of respondents have a fundraising target for online donors. Seventy-three percent (73%) have instant access of Internet metrics being tracked, while 27% do not have instant access despite daily involvement with Internet technology.

When asked to describe their ideal Internet site, 29% of Transaction Processing participants stated expansive information readily available. Other responses include expanding transaction processing capabilities (19%), online course registrations and surveys automated (10%), multimedia videos/ interactive/streaming videos (10%), user

friendly and esthetically pleasing (10%). The least common ideal Internet site for survey participants include an: increase donor comfort level with Internet technology (5%), and add more direct links (5%), completely integrated database with other offices (5%), interactive (5%), and personalization (5%).

When asked to rate their web site's successful on a scale of one to ten, the majority of the Transaction Processing model reported a rating of six (27%) and others including two (18%), nine (18%), ten (18%), five (9%) and eight (9%). These participants measure if the web site is successful by 57% donor dollars and metrics, and feedback from friends, volunteers, and the Board of Directors (43%).

Communities of Interest Model

This Internet model had one participant in the survey. This participant uses the Internet to augment the existing nonprofit operations, prompted because "That's where market is". The intended outcome of using Internet technology is information sharing reportedly achieved, measured by site traffic. This survey participant uses listings in Internet search engines to generate traffic to the web site.

A strategic plan is in place to continue to make the Internet site more personal and update content. Plans to add more interactivity to the Internet presence include additional content to make the site a more personal experience. Insufficient manpower is inhibiting plans for interactivity with no current plans to resolve this issue.

This participant does not currently accept donations, but does have instant access to Internet metrics being tracked. The Board of Directors is not directly involved because they are too slow or not sufficiently technically savvy for the Internet initiative.

Moving to the Transaction Processing Model is stated when describing the ideal Internet site for the organization. The respondent rated the current Internet presence as an eight on a scale of one to ten. Success is measured by feedback from friends, volunteers, and the Board of Directors.

Preliminary Analysis

The majority of survey participants use the Internet to augment existing business, prompted to use it because “that is where the market is”. The intended outcome of using Internet technology was information

sharing as stated by the majority of respondents, and this outcome was achieved.

Feedback from volunteers, employees and the Board of Directors is the method the majority of participants measure the intended outcome of Internet technology. This includes online surveys, accolades and general comments. Site traffic metrics is the second most popular method to measure the intended outcome of the Internet technology.

Multiple responses were accepted when asking how Internet traffic is generated to the site. Traditional Marketing is the overwhelming majority in both the number of participants and percent of responses.

A large majority of survey participants stated they have a strategic plan in place. When asked to describe the plan, the majority cited six-month evaluations of metrics and making the necessary modifications. The second most popular response was that the details of the strategic plan were unknown by Internet implementation participants.

A large majority of participants want to add more interactivity to the Internet presence (i.e., online forms, fully integrated system, online auctions, etc.). When asked to describe the plans to add this interactivity, a majority of participants described updating the content including design. The second most popular response was to make it more interactive and

user friendly (e.g., more personal, video, photos, and database). Factors currently inhibiting the implementation of these plans for interactivity include the largest majority of responses reporting a change in internal organizational structure or strategic plan followed by manpower. The majority of participants stated actions are being taken to resolve this issues, with half stating the resolution includes technological enhancements and half citing strategic plan.

The majority of survey participants stated the Board of Directors was very involved in the Internet technological plans, enhancements, and operations. However approximately one third of respondents stated they did not involve the board because they were too slow to react or not technically savvy enough for Internet endeavors.

All respondents who accept donations online reported tracking online donations separately. However, the majority does not have fundraising targets for online donations. A majority of respondents have instant access to Internet metrics being tracked. However, a large number of respondents do not have immediate access to this information.

All respondents hesitated when asked to describe the ideal Internet site for their organization. However, the majority described expansive

information and automated donations as the first two choices. Few respondents could be very specific regarding their ideal site features.

The majority of survey participants reported the success of their Internet site as a nine on a scale of one to ten, with the majority measuring success by donor dollars and metrics. It should be noted that these success ratings remain highly subjective.

Interviews with Industry Leaders

To discover patterns and success factors, personal telephone interviews were conducted with nationally known nonprofit experts, top nonprofit organizations, and marketing specialists to validate the limited sample set data. This researcher conducted all interviews and has selected the semi-structured interview. This interview style is built around a core of structured questions from which the interviewer branches off to explore in depth. Some of the advantages of the interview include the ability to permit greater depth and the ability to probe the participant to obtain more complete data and explore variables, relations, perceptions, and beliefs.

Interview Participants

The following is a representation of professionals with varied emphasis in philanthropy including strategic planning and marketing. They were selected based on diverse criteria including credibility in the industry, years of philanthropy experience, and professional background.

Table 3. Interview Participants

Participating Organization	Spokesperson	Interview Date
SMR Marketing	Sheri McHale, President	07/2001
The Chronicle of Philanthropy	Nicole Wallace, Reporter	07/2001
VolunteerMatch www.volunteermatch.org	Jay Backstrand, Founder and President	07/2001
Summit collaborative.com www.summitcollaborative.com	Marc Osten, President and Founder	09/2001
E-Tapestry www.etapestry.com	Jay Love, Co-Founder, President and CEO	11/2001
Heifer Project International www.heifer.org	Karmelle Chaise, Site Manager	07/2001
One to One Interactive www.onetooneinteractive.com	Michael P. Donnelly, Esq	11/2001
E-Philanthropy Foundation www.ephilanthropyfoundation.org	Theodore R. Hart, President and CEO	11/2001

Interview Results

The following sections contain the actual results of the interviews conducted with the aforementioned experts. Each interview is preceded by a brief biography to validate the credentials of the spokesperson.

Interview: Marc Osten

Marc Osten has twenty years experience as an activist, educator and innovator in both the nonprofit sector and educational institutions. He specializes in the strategic use of technology, Internet strategy, and organizational development. He is committed to developing collaborations and developing learning communities to improve nonprofit effectiveness and power.

Today he works as a Principal of the Summit Consulting Collaborative (www.summitcollaborative.com), a nationally recognized leader in developing programs for foundations, management, and technology to support providers and nonprofits. In that role he works as an organizational development strategist, advisor, program evaluator, and developer. He is known for his talent as an energetic presenter and facilitates training and retreats nationwide. He is a certified Peter Drucker strategic planning facilitator and is published widely in the nonprofit press.

Osten defines his view of strategic planning for nonprofit organizations technology by stating, “It is a process that involves all stakeholders in the organization that utilize technology. Consider mission and programmatic and operational issues behind helping the organization meet that mission.”

When Osten was interviewed about the lack of nonprofit financial goals in these organizations surveyed he responded “Set a benchmark for people to reach. Target financial goals for online donations should be built into overall fundraising goals and not separate. I don’t think targets make for success. Targets provide nonprofit organizations with a motivating factor. Then look at the curve of development over time.”

Integrating online fund raising with overall fundraising strategies is one of the biggest challenges Osten sees for nonprofit organizations and their use of the Internet. “Organizations may view online fund raising as a sole solution to their fund raising. It is not. It must be integrated in a strategy to cultivate and engage new donors and involvement in fund raising and non-fundraising activities to manage and sustain the donor relationship over time. Also online fundraising needs to be part of the paradigm, a panicle solution.”

Osten continues stating, “Nonprofit organizations may be highly suspicious of online fundraising so some don’t take the risk. Reduce the suspicion by demystifying it. Also the history of online technology with nonprofit organizations has been a struggle. Many have been deployed with a lack of planning. Change is not easy. Technology is about change. Online fundraising is about change. Integrate it with general fund raising development strategies to see it is not just about the web site tools. It is about much more than that. It is about cultivating donors and building relationships.”

Ninety-two percent of the survey participants who accept online donations do not have online fundraising targets. Fifty-five percent of the nonprofit survey participants rated the success of their Internet presence as an eight or above, on a scale of one to ten (ten representing the highest). Osten noted “Many nonprofit organizations do not set high enough benchmarks for what they could accomplish using the Internet. Therefore, their perceived level of success may be skewed. They need greater rigor, evaluation, and thoughtfulness regarding the way nonprofit organizations use the Internet and the Web. For example, do they collect email addresses? How often do they update content? Do they ask users

if the site is useful? This new powerful medium and its benefits can be really realized.”

Osten continues “Nonprofit organizations can use the Internet more successfully using an integrated approach. This includes conversations internal within the organization regarding how the Internet relates to the work they do. There needs to be a visioning process within the content of overall nonprofit’s mission. Without the vision, its difficult to recognize the power.”

Seventy percent of survey participants state their Board of Directors are very responsive to Internet technologies. Osten notes “The Board of Directors for nonprofit organizations are generally behind the curve. Other cases, however, some board members have a vision regarding the Internet, but for most cases boards and Executive Directors have often been holding back technology change within their organization. It is often stimulated/advocated by staff members who see the potential. Boards of Directors do not seem to understand that budgeting for technology as a line item is a must.”

“Boards of Directors also don’t understand technology (i.e., Internet use) is a part of doing business in today’s economy. There is often a short sightedness which limits risk taking. Risk taking can be done carefully and

thoughtfully without damage to the organization's mission. Integration and deployment of technological initiatives often lack of comfort with technology. Comfort comes with experience in technology, planning, implementation, and deployment. Fluency and strategic use comes from experience. Experience comes from resources, time and money, given to these focuses.”

When asked, “How can nonprofit organizations be successful with their use of Internet technologies?” Osten responded “In addition to the above stated recommendations, look outward to other organizations, nonprofit and for-profit, to learn from their progress, strategies, successes and areas in need of improvement. Be willing to take some risks with this technology. Most importantly, look at the strategy as a whole and look at how to phase in a step-by-step-way to use the Internet. Develop management systems around that phasing so they are properly evaluating and understanding the impact they want to have and are or are not having. Plan, strategize, and take intelligent risks.”

Interview: Theodore Hart

Theodore Hart is Founder and President of the new international ePhilanthropy Foundation (www.ephilanthropyfoundation.org), dedicated

to fostering the use of the Internet for philanthropic purposes. Hart is also President of the fund raising consulting firm Hart Philanthropic Services Group headquartered in Columbia MD.

Hart has served as CEO of the University of Maryland Medical System Foundation, and before that as Chief Development Officer for Johns Hopkins Bayview Medical Center. He has been certified as a fundraising executive (CFRE) by the Association of Fundraising Professionals (AFP) since 1992 and has presented a full day workshop at every international fund raising conference hosted by AFP since 1990.

Hart serves on the AFP International Board of Directors. Prior to that, he served as the AFP Foundation Board Treasurer. He is Immediate Past President of the AFP-Maryland Chapter. Hart was chosen to attend the 1996 Executive Leadership Institute (ELI), and in 2000 the Faculty Training Academy.

Hart is author to several published articles, an editor of the new book Fundraising On The Internet: The ePhilanthropyFoundation.Org's Guide To Success Online, and a contributing author to the upcoming book Achieving Excellence in Fund Raising Second Edition scheduled for release in 2003. He is currently an adjunct faculty member to the Fund Raising Management Program at Goucher College in Maryland.

The researcher asked Hart to describe his view of strategic planning for nonprofit organizations in regarding to technology. Hart replied “Start with a technology goal, what is it they would like to accomplish. If you start with fundraising you will be disappointed. Everything we know about building relationships off line is appropriate on line as well. If you approach it as a communication and relationship tool, you will have a much better chance of raising money. The rules still apply. The process is the same, but the technology and method is different. New sets of tools to be integrated in the overall strategy.”

Ninety-two percent of the survey participants who accept online donations do not have online fundraising targets. Hart responded “I’m not particularly bothered by that. If they have separate goals in other areas and they don’t do it [online], then I would view that negatively because they are discounting any success. Set benchmarks to integrate it so you don’t send the message that e-philanthropy is a spiket for money. It is not. E-philanthropy communication is a relationship tool and secondarily a fundraising tool.”

Hart was asked if nonprofit organizations can be successful with their use of Internet technologies. He stated “I believe it can. I believe any organization regardless of size can and should incorporate some e-

philanthropy tools. Each organization needs to find the tools most appropriate to their needs. There are portions of the Internet that are difficult to deny. Email, for example, is easy and readily available to communicate a wide audience. It provides an opportunity to build stronger relationships using the Email Code of Ethics (Appendix E). Nonprofit organizations who adhere to the code to opt-in and opt-out at any time to allow the donor to maintain control of any data they provide. That is a shift because direct mail does not always provide that.”

Hart has recommendations when asked how to be successful in online fundraising. He says “Be thoughtful in evaluation of the tools and do not wait until you have every aspect of e-philanthropy before moving forward. We advise small steps, perhaps even free tools on Internet, until building traffic and building a larger donor base.”

Interview: Jay Love

Jay Love is President, CEO, and Founder of E-Tapestry and has over 20 years experience working with nonprofit organizations in a variety of ways. Love previously served as Vice President and then President of Master Software Corporation, helping literally thousands of charities to select and implement fundraising software. Additionally, Love has

assumed leadership roles in the Association for Healthcare Philanthropy, the South Indiana Foundation, and numerous other charity groups with needs to upgrade technology.

As President of eTapestry, Love is able to devote his relentless energy, enthusiasm, and expertise to a market he truly loves. His goals for eTapestry.com are to provide a very special alternative for organizations in the nonprofit world to help in software/technology to better fund and enable their mission. Love says “this new entity based upon a multitude of old-fashioned concepts will also provide a unique and wonderful place for our employees, suppliers and our community neighbors.”

When Love was asked to define his view of the Internet technology strategic planning for nonprofit organizations he stated “There is a lack thereof in most cases. The strategic planning is not as strong as you would like it to be.” Love stated that one of the biggest challenges for overall fundraising strategies is communications. “Take advantage of what it brings. The application of email alone has changed the shape of fundraising.” When asked about areas of improvement for nonprofit organizations and Internet technology Love said “Embrace the technology.”

Love stated that online fundraising is so new it is realistic that ninety-two percent of the survey participants who accept online donations do not have online fundraising targets. Love stated “What they need to do is look more at what online can do from an acquisition point; how many people register, and make a donation, etc. Look at it more as an acquisition mailing. How wide is the reach and how many people can be added to the base?”

Fifty-five percent of those surveyed rated their online presence success as an eight or above. Love stated “Self-assessments are challenging. Not too many people say they didn’t do well.”

When asked how the Internet can be used to help a nonprofit organization to be more successful Love said “It ranges, but not always in direct response to the size of the nonprofit organization. The Internet can be used to facilitate work, to communicate with board members, and to create a Web based form to easily integrate data. It can also be used to reshape financial appeals without paper. It is an opportunity to virtually manage the database of donor information.”

Seventy percent of survey participants state their Board of Directors are very responsive to Internet technologies. Love suggests “Most nonprofit organizations are staffed with a Board of Directors that is not as

adept to technologies as in other areas. Get more technical people to serve on the board.”

Love was asked how nonprofit organizations justify the expense of technology. He responded “In most cases, investing in technology is a cost savings because there are so many ways to approach it. Some vendors take a percent of the money raised, so there is no initial start-up cost for the technology.”

Interview: Jay Blackstrand

Jay Backstrand launched ImpactOnline's flagship Web-service, VolunteerMatch, after becoming President in July 1997. VolunteerMatch, dedicated to “helping everyone find a great place to volunteer”, has resulted in hundreds of thousands of connections between volunteers and organizations, providing real-world community assistance nationwide. Working with thousands of local nonprofits, VolunteerMatch has become the Web's largest database of volunteer opportunities.

Prior to launching VolunteerMatch, Backstrand served as a marketing manager at Sun Laboratories for Sun Microsystems, Inc. There, he was a principal of NetDay96, a Web-based initiative that attracted more than 20,000 volunteers who wired nearly 3,000 schools in

California. Backstrand was responsible for corporate relations, PR and fundraising, and also co-authored the NetDay96 How-To Guide. Prior to Sun, he was a consultant to the Commission of the European Union. He graduated with a B.A. in Political Science from Brown University (1990) and an M.A. in International Relations from The John Hopkins University School of Advanced International Studies (1995).

VolunteerMatch received two 2001 Webby Awards for Best Activism Site and Best Services Site and has been honored by the Smithsonian Institution and MIT. VolunteerMatch has been recognized for its social service efforts on 'The Oprah Winfrey Show', 'MSNBC', and in *The Wall Street Journal*, *The New York Times*, *Reader's Digest*, *Good Housekeeping*, *Parade*, and *Yahoo! Internet Life*.

VolunteerMatch.org currently posts 33,000 opportunities at nonprofit and tax-exempt groups in over 4000 cities. Visitors enter their zip code and preferences and within seconds receive a list of volunteer opportunities. The site saw dramatic increase in traffic after the terrorist attacks on September 11, 2001 ("Volunteer Matchmaker", January, 2002).

When asked to define strategic planning for nonprofit organizations, Backstrand said "I would like to think of it the same as corporate planning.

The purpose of strategic planning is to help accomplish goals. Nonprofits sometimes get goal setting confused with how to raise money.”

Ninety-two percent of survey participants accepting donations online do not have a target goal for online donations. Backstrand noted “It’s really early to come up with goals that may be a leap of faith. We should be at a point to start justifying investment with goals for online investment versus huge guesswork that it had been previously. The data is not really available for better forecasting.”

On a scale measuring success of one to ten (ten being the highest), Backstrand commented regarding the 50% of survey participants who rated their web sites as eight and above. “What are they calling success? Are they considering return on investment, more productivity, more volunteers, or does it just mean ‘It looks nice but may be draining money from the organization’? Nonprofits need to invest in technology, but philanthropy doesn’t like to pay to make those types of operational investments. Therefore, they are often not as productive.”

Backstrand feels “the Internet may help significantly provided nonprofit organizations be extremely realistic and focused in decision making and know how Internet will specifically increase their mission. Don’t bite off too much. Just bite off a little and try to get technology and

the organization integrated with entire company embracing it. Do something simple to see if you can make it happen. Nonprofits have a tendency of wanting everything or not doing anything at all.”

Seventy percent of survey participants state their Board of Directors are very responsive to Internet technologies. Backstrand comments, “The Board of Directors may not think much about staff development or infrastructure. They think about their missions, but not the people who are implementing this to make it happen.”

In summary, Backstrand states “Nonprofits need to focus on what they are good at and partner with technical companies or technical nonprofits and get partners who know how to do it. These nonprofit organizations do not need to be technology companies. They just know how to partner with someone and use it.”

Interview: Nicole Wallace

Nicole Wallace, reports on how charities are using technology in their work for The Chronicle of Philanthropy (philanthropy.com), a national newspaper based in Washington DC that covers the nonprofit world. An employee at The Chronicle since 1996, Wallace compiled The Nonprofit Handbook, a directory of books, periodicals, web sites, software, and

other resources about fund raising and nonprofit management from 1996 to 1998, and has worked on the publication's web site. Wallace holds a bachelor's degree from Georgetown University, and prior to joining The Chronicle served as an AmeriCorps member and worked at the Association of Farmworker Opportunity Programs, in Arlington VA.

She stated, "It's important to determine and plan what to do with the Internet, be very clear regarding the intended outcome and have it flow from the mission. There is always a danger planning for technology; to get so excited by the new technologies and what they allow you to do."

She continues, "Technical planning for nonprofit organizations shouldn't fall just to the Information Technology staff. It needs a more holistic focus at different levels of the organizations with wide representation in the planning process. This wide representation also assists with the initial buy-in of the Internet strategies. The Internet has the potential to be a communications and fundraising vehicle."

Eighty percent of the survey participants stated they have a strategic plan. However, the top three descriptions of the plans included mission and increase awareness, personalization, and content update and unknown details. Wallace reports "These descriptions are not sophisticated strategic planning. When nonprofit organizations talk about

strategic planning – they know they should be doing it with definite benefits. To do it right is a time consuming approach in a nonprofit organization that is often understaffed. Many times a plan is pulled together when there is a specific need.” Wallace warns, however, “If you want a more complicated site and don’t have the resources, don’t do it.”

The importance of a strategic planning process is beginning to be recognized. For example, according to Wallace, “*The Center for Excellence in California* works with ten to twelve charities in a six-month process. Each charity has a planning team with seminars monthly regarding a topic to nonprofit organizations while working with consultants at Center for Excellence. In San Francisco, the Center’s mission is to assist nonprofit organizations use technology with the focus on planning.”

Ninety-two percent of survey participants accepting donations online do not have a target goal for online donations. Wallace states that may be because online donations are so new established benchmarks of past years do not yet exist for their or other organizations. Maybe the act of goal setting would facilitate planning and integrate it into the annual fund or next direct mailing to be a catalyst for more planning. Also, the perception may be that online donations are an add-on fundraising

avenue; bonus money. Many nonprofit organizations are unsure how to integrate it into the rest of their plan; they see it as experimental.”

On a scale measuring success of one to ten (ten being the highest), 50% of survey participants rated their web sites as eight and above.

Wallace responded “Whenever you’re asked to rate something, most tend to rate it on the high side. If you are not sure what you are trying to do on the web site, it will always be murky to rate the success. In some cases, an eight or above may be very fair, but some may be not sure what success would look like or how they would know it.”

Wallace was asked to define nonprofit organization’s Internet success. “There are a lot of ways to define Internet success. For example, they may include small neighborhood human services organizations with frequently asked questions in a basic brochureware model, with questions the receptionist usually answers, reducing basic informational requests. There are lots of ways these systems can save time for understaffed organizations. The great promise of the Internet, which first caught nonprofit organization’s attention as a potential for raising money is not a stand-alone solution. It will be a part of it. Ultimately, the real benefit is going to be the power the Internet offers even in a small organization to build ties and maintain ties with donors.

This may include donors that never make a donation via web site, but become inspired and excited by the web site and take their donation to a higher level.”

Lastly, Wallace was asked what was seen as the typical Board of Directors activity regarding the Internet. “Board of Directors activity varies quite a bit. A technically savvy board person can get things really moving or a professional staff can be excited regarding the Internet and challenge the Board of Directors. Geographic locations and sizes of organizations may draw different board members with different business experience and expertise with technology.”

Interview: Karmelle Chaise

Karmelle Chaise is the Internet Marketing Manager for Heifer International. Heifer's online catalog "The Most Important Gift Catalog in the World" (catalog.heifer.org) raised over \$1 million in online donations in FY2000 and over \$3 million in online donations in FY2001 making it one of the most successful online donations sites.

Chaise has directed the organizations online catalog and web site development for the past 2 years and has implemented marketing strategies and donation projection capabilities. She is currently leading

her Internet team on a redesign of www.heifer.org as well as the implementation of an initiative to build relationships with their 45,000 e-newsletter subscribers.

Chaise's has a Bachelor's degree in English Literature and Master's in Community Planning and Development. She has developed customized training programs, written grants and strategic plans for rural communities, and developed marketing plans for small businesses. She and her husband currently reside in Arkansas with their two adopted children.

When asked if nonprofit organizations be successful with their use of Internet technologies, Chaise responded "Absolutely! Anyone can do it. It's a matter of being focused and adjusting to the market. Determine what works and what doesn't quickly and make changes accordingly."

Eighty percent of the survey participants stated they have a strategic plan. When Chaise was asked to comment, she replied "I'm concerned that these participants area not setting their sights high enough and are not taking full advantage of their potential. There are so many functional initiatives that the donors like to see and so many ways to change the site to incorporate them. Think about all the things you can do with a gift catalog and incorporate it online. For example, we just added

honor cards to our online offering. People love them! They use them for birthdays, graduations, expressions of sympathy, and holiday greetings in the less traditionally celebrated holidays. It is a great way for us to increase donations in what may otherwise be considered slower fund raising times, and it is a way for people to feel they are doing something special for a loved one. We all win!”

When Chaise was questioned about the lack of nonprofit financial goals in those organizations, she responded “I think the lack of online financial goals is a mistake because you may never know how far you can stretch. We increase our online goals tremendously annually to establish a benchmark. At first, everyone groans in disbelief regarding the effort it will take to achieve. Then we put our heads together and find an awesome way to improve the site and increase donations at the same time. We are all amazed throughout the year as we watch the goal being met. And, if the new functionality isn’t working, we ask why and either tweak it to make it better or remove it from the site offering and think of another one. People can be so creative!”

Fifty-five percent of the survey participants rated their success at the Internet presence of their nonprofit organization as an eight or above on a scale of one to ten. Chaise reported her thoughts. “I think this

number is grossly overrated. Very few sites, if any, should be categorizing themselves toward the high end of the scale. This increases the “resting on our laurels” thinking. I believe we should all consider that we have a long way to go so we can continue to improve and make things better for the mission, the donor and the organization.”

When Chaise was asked to define nonprofit organization’s Internet success she responded “Success is doing it well with an opportunity to continue to do it better. Success is hearing “job well done” from either the mission recipients or the donors or co-workers, but being eager to keep doing it better.”

Interview: Michael P. Donnelly

Michael P. Donnelly, Esq., Co-Founder and Executive Vice President of One to One Interactive, frequently speaks at conferences on the topics of Internet privacy, enterprise Internet strategy, and Internet marketing strategy. Donnelly’s experience is to deliver Internet Strategy engagement leadership for complex organizations that strive to implement customer focused Internet marketing initiatives.

Donnelly began a journey toward leadership excellence and mastering the art of organizational change at the early age of 17 when he

enlisted in the New Hampshire Army National Guard's Mountain Infantry. After serving in the guard as a combat medic for nearly four years, Donnelly transferred into Boston University's Army ROTC Program. In 1989, after a short leave to pursue cultural and language training in China and Taiwan, Donnelly graduated cum laude from Boston University with majors in Economics and International Relations, and a commission as a Second Lieutenant in the United States Army Armor Corps.

Donnelly graduated from his officer training program third in his class and participated in General Norman Schwarzkopf's "left hook" during Operation Desert Storm in February and March of 1990. During this time Donnelly participated in sustained combat operations, received several decorations for valor in combat and service attaining the rank of Captain after 4.5 years of Army service. He continues to serve in the Army Reserve currently an instructor at Northeastern University's Army ROTC program.

Donnelly graduated magna cum laude from BU law school in 1997 where he was awarded the Paul J. Liacos scholarship for being ranked at the top of his class. Donnelly quickly determined that, despite the quality of his legal training, his real passion was in the world of business where he could make an impact as a consultant helping companies manage

organizational change and strategy development. Donnelly 's business experience includes a stint as the third most successful College Pro Franchise in North America where he was recognized Manager of the Year. Donnelly 's exposure to the Internet began when he interned during law school in the field of Internet Law. After meeting Ian Karnell at a business conference in 1995, Donnelly was invited to join at the formation of One to One Interactive in late 1997. Donnelly has a passion for helping clients understand and execute on the fundamentally strategic nature of the Internet. Donnelly 's organizational ability, engagement leadership, strategic thinking and analytical thinking and problem solving skills have an impact in his work with American business.

Donnelly was not surprised to hear the survey participants top two responses to generate traffic to their web sites included traditional marketing 57% and listed in Internet search engines 21%. "This lines up with my experience" he responded.

Donnelly stated that Internet development can successfully contribute to the primary objective of global philanthropy organizations. "This of course depends on the individual goals, but as to the goal of raising money, it can. Simply enabling the acceptance of donations online can make it that much easier for organizations to raise money. For

example, the Marketplace network is not a philanthropy organization, but it is a nonprofit. It houses a lot of Christian resources and materials that it isn't able to make available to participants in their offline programs. By developing a commerce enabled site coupled with the development of an online marketing newsletter and email marketing program, the Marketplace can now reach out to its constituent group and accomplish its objective of equipping Christians in the workplace with material to help them live their faith at work.”

Philanthropy organizations can learn from the successes and failures of how corporations have approached their Internet strategies, says Donnelly. He continues “Conduct target market research to understand how their audience uses the Internet to make sure that the audience will use it for the surmised purposes. Too many companies simply assume that if they build it they will come or if they build it they will use it. Without a clear understanding of the online user's specific behaviors, desires, and needs, none of these should be assumed. People are often willing to generalize their own specific desires and project them on others. This is bad practice, though done at many reputable companies all over. Money is often wasted on development that adds

features, both functional and design, that do not enable users to accomplish the tasks that they want simply and easily.”

Donnelly reported he did not think competition, the race for marketshare and profitability, is an issue for nonprofit organizations. “People will support nonprofits whether they are online or not. However, among nonprofits that compete, the nonprofit that enables better service and community through the use of online technology will probably fare better.”

Describing his view of strategic planning for nonprofit organizations regarding technology, Donnelly replies “Given the nonprofit budget situation, strategic planning should be focused on tactical accomplishment of the most pressing needs of the organization, with a high level of importance placed on testing and measuring whether the efforts are working. Without testing they won't know how successful or not they are and thus whether they should continue to invest in the channel.”

Ninety-two percent of nonprofit organizations surveyed do not have online fundraising targets. Donnelly stated “They should have targets and then employ marketing strategies to achieve them. They should segment their population and target those online users through the Internet. Internet service is a very low cost to serve channel.”

Some of the biggest challenges for online fund raising according to Donnelly include concerns about security and making sites easy to use. “There is nothing more frustrating than trying to buy something or give money to a site and having it not work or not work well.”

Interview: Sheri McHale

Sheri McHale is currently a Principal of SMR (Strategic Marketing Research), formally VP of Citigate Communications. McHale assisted in creating marketing impact for nonprofit web sites including Greenspan and Voter.com. Political fundraising differs from nonprofit fundraising in several ways. Nonprofit fundraising is less regulated, with no limits on contribution level, and may be scrutinized by the press less. Donor names may be confidential, and donors lists may be more targeted.

McHale describes the end goal of online marketing as the growth and development of a very targeted marketing campaign with qualified leads and ultimately an increase in donations. She states “Be familiar with the potential target list and have a strategy of how to get there. Develop a mailing campaign to announce the web site. Adding the site address to current publications and literature is passive. Sending out a mailing specifically to announce the web site or a new functionality with the site is

an active way to promote it and tell your consistency that you are invested enough to announce it.”

McHale offered the following suggestions to achieve this goal.

“Search engine campaigns should definitely be used by nonprofit organizations. A link is so easy to establish with minimal cost and can generate considerable and targeted traffic. Viral marketing is also very inexpensive and can be targeted to drive qualified leads (i.e., donors) to the web site. Online banner advertisements are also good tools to create awareness. These banner advertisements, combined with an important message such as a public service announcements and coupled with traditional marketing create a more powerful impact.”

Finally, McHale states, “The political arena has been successful regarding the diversity of information using the Internet. Online marketing is not a separate and isolated portion of a strategy. Integrate online marketing campaigns with the traditional marketing strategies and integrate these strategies with the nonprofit organization’s mission and other strategies.”

Summary of Interviews

All of those interviewed agree that the Internet has the potential to be a communications and fundraising vehicle. Along this theme, interview participants stated many common opinions learned through their collective experiences regarding strategic planning, online financial goals, Board of Director activity, and success criteria. Virtually all were in agreement with recommendations and thoughts on these topics with no disagreements. Each, however, offered additional insights on achieving the best possible objectives. These are summarized as follows.

Strategic Planning

Interview participants defined strategic planning as an integrated process involving a variety of stakeholders in the organization to help achieve goals. It is important to achieve a strategic plan with a very clear outcome and with definite benefits considering the mission and operational issues. They warn, however, to be sensitive to the temptation of planning for technology versus planning for the organization's operational needs. Strategic planning is a time consuming process. This may discourage an often-understaffed nonprofit organization from creating one until a situation becomes critical. A phased approach is highly recommended in

strategic planning with business value achieved incrementally at intermediate milestones. Intermediate milestones provide an opportunity to adjust the strategy for changing or evolving business requirements while providing short-term value to the organization. A monolithic (all or nothing) approach may seem too long range or insurmountable to many and not provide the necessary flexibility that a good strategic plan requires.

Online Financial Goals

Interview participants were not surprised when they were told 91% survey participants accepting donations online do not have a target goal for online donations. Most agreed this goal does not exist currently because online fundraising is so new and there are few historical benchmarks to reference. Most stated, however, that selecting a goal for online fundraising will benefit the organization in increased donors and/or donations with one variation. Theodore Hart states his recommendation is for an online financial goal only if the nonprofit organization has financial goals in other areas.

All interview participants also state online fund raising may achieve better results when integrated with overall fundraising strategies.

Opinions differ slightly regarding how this goal is determined and achieved. Some recommend eliminating the perception that online donations are an add-on fundraising avenue (i.e., bonus money). Others include setting the goal to justifying the initial investment. Yet another interview participant recommends setting very high, seemingly unrealistic goals. Marketing initiatives are then created, internal and external to the web site, to increase the ease of giving and create awareness. This has resulted in meeting and exceeding these “unrealistic goals” which have more than doubled annually.

Success Ratings

All interview participants were surprised hearing the report that over 50% of survey participants surveyed rated their success as an eight. Again, there was a consensus in their responses that many nonprofit organizations should consider raising their level of expectations and ideas of success for what they could accomplish using the Internet. Since Internet initiatives are relatively new in the nonprofit sector, there is a strong concern regarding continuing to look for ways to improve and to not become complacent.

All of those interviewed commented on how survey participants determined success including return on investment, more productivity, more volunteers, awareness, etc. There are many ways Internet systems can save time for understaffed organizations. For example, if a basic brochureware model reduces basic informational requests it may be viewed as very successful. Ultimately, a real benefit is the power the Internet offers even in a small organization to build ties and maintain ties with donors. This may include donors that are motivated to make or increase their donation using the web site. Some of those donors may make the actual donation transaction using a more conventional method (e.g., mailing or telephone).

Board of Directors

Most interviewees were surprised when hearing 68% of survey participants stated the Board of Directors is very responsive to Internet technologies. Most have generally experienced the Board of Directors involvement varies greatly, but many report the boards for nonprofit organizations are often behind the technology curve. This can depend greatly on geographic location and the size of an organization drawing members with different business experience and technology expertise.

It was recommended that the Board of Directors be willing to take some risks with technology. They can be instrumental in the success of a nonprofit organization, in determining the preparation of a comprehensive plan and budget including evaluation strategies. It was further recommended that the board be willing to adapt quickly to change and open to learn from progress, strategies, successes, and failures of their own and others.

The Board of Directors is ultimately responsible for the mission and vision of the nonprofit organization, guiding a strong strategic planning process. Ideally, the board can gauge the efficiency of the proposal with emphasis on mission. Nonprofits need to focus on what they are good at and partner with technical companies or technical nonprofits to assist in areas that are not viewed as their strong suit. Additionally, board member's skills and experience can add value to the strategic planning process. Board member areas of expertise that can assist in planning may include financial, legal, marketing, project management and technology.

Marketing

The goal of online marketing is the growth and development of a very targeted marketing campaign with qualified leads and ultimately an increase in donations. Both Donnelly and McHale stated the importance of being familiar with the potential target list and to have a strategy of how to get there. Online marketing should be integrated with traditional marketing strategies, the nonprofit organization's mission, and other strategies.

Search engine campaigns should definitely be used by nonprofit organizations. These are easy to establish at a minimal cost and create the opportunity to generate considerable and targeted traffic. Viral marketing is also very inexpensive, and can be targeted to drive qualified leads (i.e., potential donors) to the web site. They reach a targeted audience who is the most interested in them because they are forwarded to recipients based on interests. Online banner advertisements are also good tools to create awareness. These banner advertisements, combined with an important message such as a public service announcements, and a coupled with traditional marketing create a more powerful impact.

Donnelly's view of technological strategic planning for nonprofit organizations is as follows: "Given a nonprofits budget situation, strategic

planning should be focused on tactical accomplishment of the most pressing needs of the organization, with a high level of importance placed on testing and measuring whether the efforts are working.”

Proofs of Hypotheses

After collecting the survey data and interviewing several experts in the field to help bring meaning to this data, the original hypotheses of this research will now be addressed.

Hypothesis 1: When applied via an effective strategy, the Internet can be used by global philanthropy organizations to achieve their philanthropic goal.

Proof: As the survey data and interview results indicate, a wide variance exists in the definitions of “strategy” and “goals”. This variance is expected given the wide range of sophistication levels that is readily apparent across the nonprofit organizations sampled. On the low end, for example, an organization may pursue the goal to simply increase awareness of their mission and strategize a brochureware model and methods to bring users to the site. In contrast, a transaction processing model may be strategically integrated with other accounting or donation processing systems with specific online fundraising goals. While both

scenarios represent forms of success, the former is relatively uninteresting with respect to this hypothesis since it represents a trivial example of strategic planning and a goal that is not unique to philanthropy.

Thus, for the purpose of this proof, goals are assumed to be directly philanthropic in nature (e.g., fundraising, attracting volunteers, etc.).

Similarly, strategies are assumed to be “strong” relative to the range of strategic planning discovered in the research. Note that this definition of strong strategic planning does not necessarily correlate to that of commercial or for-profit organizations.

As a first argument, the survey results are considered. Fifty-five percent of the survey participants rated the success of their Internet endeavor between eight and ten on a scale of one to ten with ten representing the greatest success. Eighty percent stated they have a strategic plan guiding their Internet operation. The greatest success rates are highly correlated to those with a strategic plan. This correlation is also validated by similar experience in commercial business as reported in the literature (i.e., Amazon.com and Cisco Systems) versus the numerous sites that assumed the Internet itself to be a success guarantee and subsequently filed for bankruptcy in the recent year.

As a second argument, the interview results are considered. All of the experts interviewed unanimously agreed on the potential of the Internet for achieving philanthropic goals. In fact, most considered it to be essential in the current technical and economic climate. Furthermore, those interviewed stressed the importance of strategic planning to achieve this potential. However, the consensus also indicated that the current state of strategic planning is immature within the nonprofit community, which supports the conclusions found in the survey data.

As empirical evidence to support the arguments, two specific survey participants are recalled: Joslin Diabetes Center and Heifer Project International. The Joslin Diabetes Center in Boston MA (www.joslin.org) developed a strategy to reach donor targets through advanced technologies. They integrated online fundraising software with their Internet site. Anne Caldera of the Center states “We in the development office saw an opportunity that we could capitalize on [from a fundraising perspective] and wanted to take full advantage of the technological power of online giving. In just a few months, the donations we have received have more than paid for the initial investment [of Blackbaud’s Raiser’s Edge software implementation].”

Heifer Project International (HPI) provides farm management techniques to impoverished communities around the world. HPI offers a “gift catalog” that enables a donor to purchase various animals or make partial payments thereof on behalf of these communities. This catalog is available in both traditional hard copy media as well as online via the Internet. This catalog presents the specifications for each “product” animal and their value to a community in need along with an order form. The online catalog has proven to be extremely successful raising approximately \$3 million in 2001. This online strategy is integrated throughout all departments of the organization using both online and traditional marketing. Since its inception, the benefits derived have more than doubled their fundraising goals.

In summary, when focusing on stronger cases of strategic planning relative to the observed landscape, the survey data supports the hypothesis. Several experts unanimously corroborate these findings emphasizing even further the Internet’s potential for philanthropic success and the criticality of strategic planning to achieve it. Empirical evidence further supports these findings and is sufficiently consistent to reduce the probability that they are anomalous examples. **{QED}**

Hypothesis 2: Many if not all of the fundamental Internet strategies proven effective in a corporate environment have the potential for being effective Internet strategies in global philanthropy organizations.

Proof: Members of the survey sample set have successfully implemented several of the Internet models defined in this research. For these models, examples of how they have been used will serve as empirical evidence that these models can be successfully applied to philanthropy. For the remaining models, arguments will be derived from those demonstrated that these models also have the potential for success in global philanthropy organizations.

One or more of the survey participants demonstrate the Brochureware model as an inexpensive channel for increasing public awareness of their mission and to educate the public about its benefits. This model also has the potential for posting financial reports, job postings, and frequently asked questions thereby reducing telephone staff.

One or more of the survey participants demonstrate the Basic Interactivity model as a cost-effective entry into online donations. Users complete forms with credit card information for donations or requests for additional information. A staff member must manually process these forms, but the user still has the 24-hour convenience of the Internet.

Several of the survey participants demonstrate the Transaction Processing model to automate the process of accepting online donations. For many nonprofit organizations, this is the most popular Internet model in that it directly and efficiently targets the common theme of fundraising while being technically within reach of almost all organizations.

One or more of the survey participants demonstrate the Directory & Search model to assist in matching people to volunteer opportunities based on interests, geographic locations, skill sets, available hours etc. Search engines have a number of other common uses as well.

One or more of the survey participants demonstrate the Communities of Interest model to create collaborative environments for people involved in a common mission. Information can be posted, shared, augmented, and searched by users to enhance a common understanding.

Lemma – *The Personalized Portal model has the potential for being effective in global philanthropy organizations.* Two of the most important aspects of any Internet strategy, whether nonprofit or commercial, are getting users to the site and getting them to return often (i.e., analogous to acquiring customers and generating repeat business). Portals can help address both of these issues. First, portal-based access originating at corporate Intranet sites can greatly assist in raising

philanthropic awareness to thousands of employees and provide easy access with a single click. Second, recognition of the user once at the nonprofit site and the ability to offer an experience personalized to that user can have a significant impact on how often the user returns or how involved they may become. Since these strategies are effective in a commercial environment and the fundamental issues addressed are common between commerce and nonprofit, the lemma is valid.

Lemma – *The Brokerage model has the potential for being effective in global philanthropy organizations.* The Brokerage model is a variation of Directory & Search wherein the “broker” attempts to bring together parties with complementary needs. For example, in a Directory & Search model, a site may provide a user with a means of searching for specific types of organizations in which to volunteer. This same user might benefit from a Brokerage model in that they could submit parameters defining the type of volunteer scenarios in which they are interested. Conversely, organizations submit their needs for volunteers, required skills, etc. Periodically, the automated “broker” attempts to match volunteer and organizational needs, notifying both parties of potentially “good” matches. The Brokerage model could also assist in donations of non-monetary gifts by matching donors of items to organizations that need

such items. This model saves time for both parties and potentially discovers matches that might have been overlooked using manual methods. Furthermore, an organization's need might be posted just after a user (i.e., a volunteer, donor, etc.) visits the site. In this scenario, the Directory & Search model fails whereas the Brokerage could still recognize the match long after the user has logged off. Since the Brokerage model includes, extends, and improves the capabilities of the empirically sound Directory & Search model, the lemma is valid.

Lemma – *The E-Marketplace model has the potential for being effective in global philanthropy organizations.* The E-Marketplace model builds on and extends the Transaction Processing model. At its core, transactions of funds are processed. However, much more flexibility and feature richness can be constructed. For example, rather than simply accepting a donation, a gift catalog can be presented where “purchased items” manifest themselves as charitable donations (e.g., Heifer Project International). Another E-Marketplace approach implements an auction wherein donors bid on goods and services that had been donated to the nonprofit organization (e.g., Public Broadcasting Service). Additional E-Marketplace functionality may include the automation of workflow in reviewing and processing grant requests or billing back to companies

participating in corporate matching programs. Since all of these functions occur even outside an Internet setting and since they all build on the fundamentals of the empirically sound Transaction Processing model, the lemma is valid.

Empirical demonstration of five of the models combined with lemmas for the remaining three models leads to the conclusion that all of the fundamental Internet models have the potential for successful application to global philanthropy. **{QED}**

SUMMARY AND CONCLUSION

Chapter 5

This study defined a broad set of Internet models used in current corporate and/or philanthropic practices. Literature reviewed defined the growth of nonprofit organizations with increased charitable giving.

Competition however, is increasing in the nonprofit sector.

Internet usage is also growing, faster than any other communications technology in history including significant International growth as a result of diminished importance of geographic boundaries. Worldwide Internet users are estimated to nearly triple (Global Population Moves Away From US [Online], January 23, 2000). E-philanthropy is becoming increasingly popular with varying degrees of sophistication as a cost-effective method to volunteer time or donate money.

The framework of the study combined case study, descriptive survey, and interview methodologies. Case studies were developed for Amazon.com and Cisco based on extensive research from literature sources. These two international Internet companies were selected to be evaluated since both are known in the Internet profession as success stories yet they demonstrate different operating models. Amazon.com

moved to the Internet arena as a founding principle. Cisco, however, had a traditional brick-and-mortar business and then moved toward an online presence.

A semi-structured telephone survey was conducted with 20 nonprofit sector participants with international relief missions and an Internet presence. Of these participants, 30% are included in the Top-Rated Charities list from the American Institute of Philanthropy (AIP). Although it was a limited sample set, it is believed to be a valid representation of the landscape of nonprofit organizations within this sector. The survey questions focused on how and why Internet technology was introduced, strategic planning, and how success was evaluated. The significant points of discovery are summarized as follows.

Since Internet initiatives are relatively new in the nonprofit sector, philanthropy organizations are in early stages of sophistication in adopting Internet technologies. Transaction Processing is popular as an online donations method, but a variety of models are used. Philanthropic organizations have low expectations in what they could accomplish for the Internet presence to be considered successful. They are, however, committed to Internet technology and believe its value and continue to invest.

Personal telephone interviews were conducted with nationally known nonprofit experts and top nonprofit organizations to gain insight into the survey data. Such interviews focused on strategic planning, online financial goals, success ratings, board of directors, and marketing. Several common themes emerged.

All interview participants defined strategic planning as an integrated process involving a variety of stakeholders in the organization to help achieve goals with a clear outcome and definite benefits for the mission. A phased approach was highly recommended with business value achieved incrementally at intermediate milestones. This provides the opportunity to change or evolve business requirements while providing short-term value to the organization.

There was a consensus that many nonprofit organizations should consider raising their expectations for successful use of the Internet. Since Internet initiatives are relatively new in the nonprofit sector, there is a strong concern regarding continuing to look for ways to improve and to not become complacent. Internet systems can save time for understaffed organizations including return on investment, more productivity, more volunteers, awareness, etc. Ultimately, a real benefit is the power the

Internet offers even in a small organization to build and maintain ties with donors.

Most interview participants commenting that the BOD involvement varies greatly, but many report the BOD for nonprofit organizations are often behind the technology curve. This can depend greatly on geographic location and the size of an organization drawing members with different business experience and technology expertise.

Duality of International Business and Philanthropy

Corporate international enterprises and international philanthropic organizations have similarities in basic business foundation, although the execution of these foundations may be varied. Examples of corporate and philanthropic duality include competition, mission objectives, technology versus strategy, strategic planning, marketing, and relationship building.

Competition

The world is becoming a single market and the intensity of International competition is growing dramatically, raising the standards for competitive success. To keep abreast of the competition and maintain a viable position for increasingly competitive markets, an international perspective is necessary. The customer/donor is the focal point of any

successful business model. The corporate or nonprofit organization must focus to build the future aggregate value of its customer/donors with continued competitive analysis to determine and monitor the competitive landscape. The goal is to provide improved and less expensive services and placing considerable demand on the market.

Corporate businesses compete to achieve greater marketshare (i.e., a portion of the market). Nonprofit organizations, however, compete to achieve donor relationships and ultimately donor dollars. In the corporate environment, marketshare often translates to profitably. In the nonprofit environment, successful competition can contribute to achieving the mission for the benefit of those in need.

International competition is raising the standards for quality, innovation, productivity, and customer value. Both corporate and nonprofit environments focus on delivering value. If a corporate or nonprofit organization, for example, does not address the needs better or as well as others, the organization essentially falls out of the “market”. For example, in the nonprofit sector, a few well known organizations monopolized donations collected for the September 11, 2001 tragedy because they were better known and/or publicized more than others. This is similar to Microsoft monopolizing large software sectors. Microsoft competitors are

able to survive, but the competitive landscape is fierce. Addressing the changing needs of the competitive environment is essential to sustaining a dominant position in the chosen market.

Mission Objectives

Both corporate and nonprofit organizations should have a clear idea of their mission and vision to provide focus and a measure of achievement. Corporations are measured by their balance sheets (i.e. profit or loss), which determine the operating condition of the company. Nonprofit organizations are under increasingly more scrutiny to measure their impact as well. The Better Business Bureau has expanded its focus from commercial businesses and national charities to include local nonprofit organization through its Philanthropic Advisory Service (PAS). The PAS currently monitors about 300 national charities to evaluate how much the organization spends on fundraising, how often the Board of Directors meets, and how much information is disclosed to the public.

Donors are becoming more educated and are questioning the social and economic impact of their contributions. Since these contributions are not easily quantifiable, nonprofit organizations will be increasingly challenged to demonstrate accountability and mission

achievements. There are, however, an increasing number of companies, web sites, and programs targeted to assist nonprofit organizations with these metrics.

Technology Versus Strategy

Technological interdependence and the integration of International markets are catalyzing changes in technology. The Internet is a communications facilitator especially regarding a global reach. Even less-developed countries seek computer technology and sophisticated data banks to assist in advancing their economies.

In a recent trip to India the researcher viewed incredible poverty and watched hundreds of miles of ditches being dug for utilities. No heavy equipment was used. The laborers, mostly women, simply picked up dirt in their hands, placed it in a medium-size bowl on their heads, and walked several yards away to create a pile. Yet, surprisingly, a local village orphanage provided mandatory computer classes to its children.

Corporations with Internet functionality continue to grow with incremental technological expansion toward more sophisticated Internet models. Nonprofit organizations are doing the same. Neither corporations nor nonprofit organizations begin Internet technologies with

sophisticated models. Both also learned that Internet functionality is not a stand-alone pillar. It must be integrated with the overall company or organizational strategy to be successful.

An Internet presence alone is not a successful business strategy. The gradual and incremental development of an appropriate Internet model with a clear vision to guide the changes, sense of mission, and direction is essential for a successful business strategy. The result is a series of small decisions that accumulate over time to major changes. This strategy reduces risk, eases implementation, and divides projects into achievable steps with immediate rewards.

Strategic Planning

Strategic planning provides a roadmap to reach International and domestic goals by determining and communicating the shared vision and direction of the organization and defining how to get there. Strategies established and implemented in the early development stages are often the most effective. They can assist in justifying the organization's existence, clarifying the organization's position in the marketplace, identifying constituents and building stronger relationships.

Strategic planning should include background content, values, missions and vision, goals and key strategies, assignments of responsibility, time frames and financial projections and a process to monitor progress and evaluate performance. Integrating market conditions, business objectives, and customer surveys assists the decision making process to achieve goals.

One of the original assertions of this paper was that, like in business, nonprofit organizations need an effective strategy to make an online presence is viable.

Effective strategic planning can be challenging due to a lack of commitment to the process, limited program focus or infrastructure, limited market research, and lack of planning. Key steps in the planning process include research and decision making, organizational learning and building cohesion, documenting, implementing, monitoring, and evaluating.

Marketing

International market integration has been supported by major strides in computer technologies, communications, and transportation. Nonprofit organizations and corporations that adapt their products and services to these needs may be the most effective in the marketplace.

The Internet is a strong example of this blend of technologies and communications. The customer or donor relationship begins with the marketing messages, followed by the sales or donor opportunity. This can be compared to direct media for both corporate and nonprofit Internet initiatives. Direct mail sells by providing information. The Internet provides an expansive opportunity for information delivery possibilities.

To promote visibility, education and an opportunity for acceptance, Internet proponent executives may serve as effective speakers. Their focus is often to educate the public about the initiatives for both corporate and nonprofit organizations.

Advertising and brand recognition is as important in the corporate sector as the nonprofit sector. Nonprofit organizations however, may be more resource constrained which can force innovation.

Both corporate and nonprofit organizations establish a target audience and build a “brand” to increase name recognition. In the corporate environment, the successful result is more sales. In the nonprofit sector, name recognition ultimately builds a bigger community and donor base. Ted Hart uses the term “relevance-share” and emphasizes the relevancy of a nonprofit organization’s mission and the community it serves.

Relationship Building

Internationalization combines opportunities to increase cross-border activity with information technology enabling virtually instantaneous worldwide communication. This communication lends itself to collaborative relationships as an essential ingredient of virtual business transactions. Success is dependent on the relationship the company or nonprofit organization builds with customers and donors. Corporate environments create customer loyalty to upsell and cross-sell. Nonprofit organizations create donor loyalty to increase their relationships and commitment to the mission.

Trust is an essential ingredient of virtual business transactions to create a long-term commitment. Secure technologies (e.g., encryption) provides an additional element of trust to ensure the information exchanged is kept private. Increasing customer/donor confidence in sensitive transactions adds essential value to the site.

Internet Impact on Philanthropy

As shown throughout in this research, Internet development can successfully contribute to the primary objective of global philanthropy organizations.

Internet technology enables access to information all over the world. Previously, the sense of community was a function of surrounding geographies. Now a community can be composed of a group of people from various international locations with a common interest. The global reach of the Internet provides a 24-hour, seven days a week communication medium for the philanthropic missions. Additionally, it provides an opportunity for relationship building by integrating various technological features in the philanthropic web site including email, personalization, emotional appeals, multimedia, and collaborative development with the donors.

Internet technology provides philanthropy organizations with the opportunity to streamline their processes. This may include automated online donations, event management, course registration, and frequently asked questions (FAQs). With an increased efficiency in business operations, philanthropy organizations can use their resources to address more mission needs such as educating the community to spread the word about the mission, collect funds, and increase the donor base.

Internet technology integrated throughout a philanthropic organization creates a cultural shift in that organization. It requires a much faster pace of decision-making and adaptations while inspiring

innovative thinking that can spread throughout the philanthropic organization. The Board of Directors may become more technologically savvy comprised of a diversity of owners.

The Internet assists nonprofit organizations execute their mission. However, they continue to be slow to adopt. Hart was asked if Internet development successfully contributes to the primary objective of global philanthropy organizations. He responded, "Yes, however, introducing technology into nonprofit organizations is much more of a cultural issue to nonprofit organizations. They are used to making due with what they have, and not using the latest technology. Looking for latest technology and efficiencies is new to nonprofit organization. Also, they are not attuned to quick changes and the Internet is scary. And, most nonprofit organizations are risk adverse. September 11 has changed the market view so considerably and moved online donating two years ahead of where it was expected to be."

Proposed Technology Strategies

Throughout this research, it has been shown that philanthropy organizations can learn much from the successes and failures of how commercial corporations have approached their Internet strategies.

Based on these findings, several strategies should be considered by nonprofit organizations when considering Internet technology.

Evolutionary Vision

Strategy: Maintain a long-range vision of the ideal Internet site for your organization. Take incremental steps toward that vision. Periodically re-evaluate and adjust the vision based on measured effectiveness, technology advances, and changes to organizational objectives.

Rationale: Commercial corporations have found this approach to be essential for any projects of significant size. This is particularly true for software or Internet development projects. Considering the alternatives, having no target vision results in wasted resources due to lack of strategy whereas an unchanging vision fails to adjust for changing market conditions. In addition to being flexible, the iterative approach can also achieve early value via partial releases of functionality rather than waiting for the ultimate end-state. In fact, this ultimate end-state may never be fully realized due to resource constraints or simply because it is a moving target. Tracking of key metrics plays an important role in this strategy by enabling the effectiveness of incremental releases to be measured objectively.

Parallel Channels

Strategy: Consider the Internet to be an alternative medium or “channel” for connecting with users and/or donors in parallel with traditional or existing media.

Rationale: The Internet is not a business strategy in and of itself. Numerous commercial enterprises are currently in bankruptcy because they gambled otherwise. Instead, the Internet should be considered a powerful new medium that can supplement how a business strategy is fulfilled. The most successful commercial Internet applications leverage their web sites as a means of reaching their customer base in addition to other channels (e.g., store fronts, catalogs, direct mail, etc.). Many companies offer incentives or other added value to those who choose the Internet channel since the cost of processing online transactions is often considerably cheaper to the company.

The Community Effect

Strategy: In addition to accepting donations, provide users with a variety of reasons to visit, remain, and return to your site.

Rationale: Users spend a limited amount of time browsing the Internet. The more time they spend at a given site, the less time they’re

spending at other, possibly competing sites. The term “stickiness” is often used to denote the probability of a user remaining at a given site beyond some period of time. By providing frequently updated content and/or functionality (e.g., chat sessions, discussion threads, related links, etc.) of interest to potential donors, a sense of community can be achieved. This often translates into increased donations or other participation. For example, when transient events occur (e.g., the September 11, 2001 disaster), people eager to give due to the emotions of the moment will tend to default to the organization(s) with which they are most familiar and most comfortable.

Managerial Champion

Strategy: Ensure that at least one person in a position of high-level authority (e.g., an active member of the Board of Directors) serves as a champion for Internet development within the organization.

Rationale: Implementation of any business strategy requires management backing from the highest levels. This is especially true in nonprofit organizations where resources are often much tighter than their commercial counterparts. This research has clearly shown that successful adoption of Internet technology requires integration with an overall

business strategy and support from the Board of Directors. Simplistically, someone in power must champion the cause or it will be doomed to marginal resources, isolation as a pet project, and ultimate failure.

Areas for Further Research

Additional areas for investigation may include conducting a survey similar to this one year from now to compare the results. This may provide trend analysis to determine if philanthropy continues to emulate corporate trends with respect to Internet adoption.

Further studies may include a focus on the donor base stratified with target accounts that are twenty percent of the donor base, but represent eighty percent of the donations. This may help determine how to target these donors using technology.

Additional study on the effects the declining Internet industry has on nonprofit organizations may provide greater insight in the future of Internet technology advancement and sophistication. Such a study may further illustrate the necessity of strategic planning around an Internet implementation.

Finally, research might be proposed on how Internet technology facilitates the handling of transient events (e.g., the September 11, 2001

disaster). This could provide philanthropic organizations with additional reasons to invest proactively in their Internet development programs.

SURVEY QUESTIONS AND RESULTS

Appendix A

General Internet Technology

1. What is your title?

a)	Technical	60%
b)	General Business	40%

General Business Titles (6):	Administrator, Development Director (2), Volunteer Coordinators (2), President.
Technical Titles (7):	Webmaster, Web site Coordinator, Technical Sales and Ops Manager, Graphic Arts Web Editor, Internet Strategist, Internet Project Manager, Manager Development Systems.

2. Is the Internet the sole representation of your organization or to augment it?

a)	Sole Representation	20%
b)	Augment	80%

3. What prompted the idea of using Internet technology?

a)	That's Where the Market Is	41%
b)	Advertise the NPO Program and Communicate Details	33%
c)	Make Donating Easier	15%
d)	Need to Offload Work	11%

4. What was the intended outcome of using Internet technology?

a)	Information Sharing	55%
b)	Increase Donations	25%
c)	Automate	10%
d)	Recruitment	7%
e)	Increase Name Recognition	3%

5. Was the intended outcome of using Internet technology achieved?
 - a) Yes.....80%
 - b) Somewhat15%
 - c) No5%

6. How is intended outcome of Internet technology measured?
 - a) Site Traffic Metrics36%
 - b) Feedback30%
 - c) New Donor Names and Dollars22%
 - d) Business Acquired4%
 - e) Email Newsletter Subscribe Growth4%
 - f) Number of New Programs Added.....4%

7. How do you generate traffic to your web site?
 - a) Traditional Marketing60%
 - b) Listed in Internet Search Engines.....18%
 - c) Executives in NPO Effective Publicists.....11%
 - d) Posting to List Servers/Email Newsletter/Viral Marketing.....7%
 - e) Link with other NPO Sites/Partners4%

Strategic Plans

8. Do you have a strategic plan?
 - a) Yes.....80%
 - b) No20%

9. Please describe your strategic plan.
 - a) Unknown Plan Details.....25%
 - b) Mission and Increase Awareness19%
 - c) 6 Month Evaluation19%
 - d) Personalization and Content Update13%
 - e) Plan Under Review6%
 - f) Monitor Site Feedback and Address Client Needs6%
 - g) Move to Transition Processing6%
 - h) Seek Partnership, Rebrand6%

10. Are their plans to add more interactivity to the Internet presence?
 - a) Yes.....100%
 - b) No0%

11. Please describe the interactivity plans.
- a) Update Content Including Design 41%
 - b) Make “More Interactive” 41%
 - c) Move to Transaction Processing Model..... 8%
 - d) Stabilize Existing Site 5%
 - e) Personalization 5%
12. What is inhibiting the interactivity plans?
- a) Manpower 25%
 - b) Finances/Funding 25%
 - c) Time 20%
 - d) Board of Directors 10%
 - e) Organizational Restructure 10%
 - f) Software Enhancements 5%
 - g) International Challenges 5%
13. Is anything being done to resolve prohibitions above?
- a) No/Not Really 55%
 - b) Yes 45%
14. Please describe resolution methodology.
- a) Strategic Plan in Place 67%
 - b) Technological Enhancements Planned 33%
15. How responsive is the Board Of Directors to the Internet technology?
- a) Very Involved 70%
 - b) No Active Board of Directors 15%
 - c) Not Very Involved 15%

Metrics/Measures of Success

16. If donations are accepted online, are they tracked separately?
- a) Yes 100%
 - b) No 0%
17. If donations are accepted online, do online fundraising targets exist?
- a) Yes 92%
 - b) No 8%
18. Do you have instant access to Internet metrics being tracked?
- a) Yes 75%
 - b) No 25%

19. Please describe the ideal Internet site for your organization.
- a) Expansive Information 29%
 - b) Automated Donations 16%
 - c) Integrated Database with Other Locations 8%
 - d) User Friendly and Esthetically Pleasing 8%
 - e) Increased Multimedia..... 8%
 - f) Process Automatation..... 5%
 - g) Personalization 5%
 - h) Increase Donors Internet Comfort 5%
 - i) Add More Direct Links 5%
 - j) Automated Course Registration and Surveys..... 5%
 - k) Online Event Management 3%
 - l) Interactive 3%
20. How successful do you rate the Internet presence of your organization on a scale of 1 to 10?
- a) Rating = Ten (10)..... 10%
 - b) Rating = Nine (9) 20%
 - c) Rating = Eight (8)..... 25%
 - d) Rating = Seven (7)..... 10%
 - e) Rating = Six (6)..... 15%
 - f) Rating = Five (5) 10%
 - g) Rating = Two (2) 10%
21. How do you measure if the web site is successful?
- a) Donor Dollars and Metrics 50%
 - b) Feedback from Friends/Volunteers..... 46%
 - c) Partner NPO Satisfaction..... 4%

SAMPLE SET IDENTIFICATION

Appendix B

The following table lists the nonprofit organizations that participated in the telephone survey along with their Internet addresses and primary Internet model(s) in practice.

Table 4. Sample Set of Survey Participants

Nonprofit Organization	Internet Address	Primary Internet Model
American Red Cross Merrimac Valley	www.redcrossmerrimackvalley.org	Basic Interactivity
American Youth Foundation	www.ayf.com	Brochureware
CARE International	www.care.org	Transaction Processing
Catholic Charities	www.ccab.org	Transaction Processing
Charity.ca	www.charity.ca	Directory and Search
Direct Relief International	www.directrelief.org	Transaction Processing
Doctors Without Borders, Medicines Sans Frontiers (MSF)	www.nashabitat.org	Transaction Processing
(The) Giving Network	www.thegivingnetwork.com	Directory and Search
Global Volunteers	www.globalvolunteers.org	Basic Interactivity
Habitat for Humanity; Greater Nashua	www.nashabitat.org	Basic Interactivity
Heifer Project International	www.heifer.org	Transaction Processing

Nonprofit Organization	Internet Address	Primary Internet Model
Joslin Diabetes	www.joslin.org	Transaction Processing Communities of Interest
Kidsave In NH	www.kidsavenh.org	Basic Interactivity Communities of Interest
Leave A Legacy	www.leavealegacy.org	Basic Interactivity Communities of Interest
Ox-fam America	www.oxfamamerica.org	Transaction Processing
Philanthropic Research, Inc.	www.guidestar.org	Directory and Search
Quakegujarat	www.quakegujarat.org	Brochureware
Technoserve	www.technoserve.org	Transaction Processing
United Way International	www.uwint.org	Transaction Processing
World Neighbors	www.wn.org	Transaction Processing

TIPS FOR ONLINE GIVING

Appendix C

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The Internet can provide generous Americans with a wide range of opportunities to help others -- quickly and easily. To help ensure that your gift doesn't go to the wrong organization and to help ensure that gift goes directly to the organization you want to support, here are 10 tips for online giving that will help ensure your online giving is safe and secure. These tips are based on its ePhilanthropy Code of Ethical Online Philanthropic Practices:

Online Giving Tip #1: Know Your Charity

Make sure you have the exact name of the organization. Some charities or charity web sites have names that sound similar and you need to make sure it's a legitimate nonprofit. Before you give online, you should be familiar with the name and reputation of the charity you intend to support. If in doubt check with your local United Way or Community Information Center, they may be familiar with the charity.

Online Giving Tip#2: Give to Legitimate Charities

Only give to charities recognized by the appropriate governmental body in their respective country. Look for the charity to explain their tax-exempt nonprofit (NGO) status in a FAQ or similar area of their web site. You should also be aware that some advocacy organizations are not allowed by law to issue tax-deductible receipts. You may still wish to support their work. However our advice is to understand before you make the gift what type of tax receipt you can expect.

Online Giving Tip #3: Feel Free To Ask Questions

Any legitimate charity seeking your support via the Internet or off line, will give you ample opportunities to ask questions and to learn about their mission. In the US, you can learn a lot about a charity by asking for the document that the charity files with IRS each year called the 990 Form. Nonprofit organizations are required by law to provide this information when asked. If you prefer you can find a copy already posted online at www.guidestar.org.

Online Giving Tip #4: Give Safely

Make sure the charity site uses encryption technology that ensures appropriate security for online donations and data transmission. Before entering any information you consider sensitive (i.e., credit card number, personal identification data, etc.), verify that the page requesting your credit card information is secure (encrypted). The letters https:// - rather than http:// - should precede the page's URL and/or there should be an unbroken key or padlock symbol located in the corner of the Web browser. If in doubt contact the charity by telephone or by email before you provide the information online.

Online Giving Tip #5: Consider Giving Directly

The Internet provides tremendous opportunities to support the charity of your choice directly. Don't get taken by "charity" or "someone is in need" chain letters. Emails that claim money will go to a specified charity each time the message is forwarded are not true. If your charity does not provide online giving opportunities at their web site, consider giving through www.helping.org which provides all registered charities in the U.S. the ability to receive online donations.

Online Giving Tip #6: Demand Privacy

Check for a privacy policy concerning the use of your name, email address or other personal information. Don't disclose personal information, such as your address, telephone number, social security number, or email address unless you know who's collecting the information and how they plan to use it.

Online Giving Tip #7: Keep Records

Print a copy of the final confirmation screen that appears when you have made your gift. In addition, keep a copy of your charitable gift confirmation email for your records. If you do not receive a confirmation of the gift by email (and in most cases by mail as well), do not give to that charity online again, until you are certain they have brought their online solicitation policies inline with these tips. In such cases, contact the charity to make sure they received your gift and request confirmation of the gift.

Online Giving Tip #8: Look For Contact Information

A reputable charity will make certain contact information is readily available in case you need assistance with questions, problems, or service. The charity should provide one or more ways to reach them off line as well as communicate with them directly online. Look for the charity's contact address, telephone, email address, etc.

Online Giving Tip #9: Know How Your Money Will Be Used

The Internet provides charities with an opportunity to share more of their work with you the donor. You should be able to learn how the charity you contribute to plans to use the money you give to help others and fulfill their mission. If you are not certain how the charity will use your charitable gift, ask!

Online Giving Tip #10: Request Regular Information

Your favorite charity should provide you an opportunity to hear about their work regularly.

On their web site or through email updates the charity should provide information about how they fulfill their stated mission. These updates should be received on a regular basis and should not be tied only to requests for contributions.

TEN RULES OF PHILANTHROPY

Appendix D

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THE TEN RULES OF e PHILANTHROPY EVERY NONPROFIT MUST KNOW

Rule #1: Don't Become Invisible

If you build it, they won't just come. Building an online brand is just as important and just as difficult as building an off-line brand.

Rule #2: It Takes "Know How" and Vision

Your organization's web site is a marketing and fundraising tool, NOT A TECHNOLOGY TOOL. Fundraisers and marketers need to be driving the content, not the Web developer.

Rule #3: It's All About the Donor

Put the Donor First! Know your contributors and let them get to know you.

Rule #4: Keep Savvy Donors; Stay Fresh and Current

Make online giving enjoyable and easy. Give the donor options. Use the latest technology. Show your donor how their funds are being used.

Rule #5: Integrate into Everything You Do

Your web site alone will do nothing. Every activity you have should drive traffic to your site.

Rule #6: Don't Trade Your Mission for a Shopping Mall

Many nonprofit web sites fail to emphasize mission, instead turning themselves into online shopping malls, without even knowing why.

Rule #7: Ethics, Privacy, and Security are not Buzzwords

Many donors are just now deciding to make their first online contribution. They will expect that your organization maintains the highest standards of ethics, privacy and security.

Rule #8: It Takes the Internet to Build a Community

Many nonprofits (particularly smaller ones) lack the resources to communicate effectively.

The Internet offers the opportunity to cost effectively build a community of supporters.

Rule #9: Success Online Means Being Targeted

The web site alone is not enough. You must target your audience and drive their attention to the wealth of information and services offered by your web site. Permission must be sought before you begin direct communication via the Internet.

Rule #10: ePhilanthropy is More Than Just e-Money

ePhilanthropy is a tool to be used in your fund raising strategy. IT SHOULD NOT be viewed as quick money. There are no short cuts to building effective relationships. But the Internet will enhance your efforts.

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CODE OF ETHICAL ONLINE PHILANTHROPIC PRACTICES

Appendix E

The ePhilanthropy Foundation exists to foster the effective and safe use of the Internet for philanthropic purposes. In its effort to promote high ethical standards in online fundraising and to build trust among contributors in making online transactions and contributions with the charity of their choice, this code is being offered as a guide to all who share this goal. Contributors are encouraged to be aware of non-Internet related fundraising practices that fall outside the scope of this Code.

Those who endorse the ePhilanthropy Code of Ethical Online Practices and Practitioners will:

SECTION A: PHILANTHROPIC EXPERIENCE

- 1· Clearly and specifically display and describe the organization's identity on the organization's web site;
- 2· Employ practices on the web site that exhibit integrity, honesty, truthfulness and seeks to safeguard the public trust;

SECTION B: PRIVACY AND SECURITY

- 1· Seek to inspire trust in every online transaction;

- 2· Prominently display the opportunity to have their names removed from lists that are sold to, rented to, or exchanged with other organizations;
- 3· Conduct online transactions through a system that employs high-level, security technology, to protect the donor's personal information;
- 4· Provide either an 'opt in' or 'opt out' mechanism to prevent unsolicited communications or solicitations by organizations that obtain email addresses directly from the donor, and require the "opt in" mechanism before the donor's email address may be sold, transferred or otherwise distributed to a third party for communication, advertising or promotion purposes;
- 5· Protect the interests and privacy of individuals interacting with their web site.

SECTION C: DISCLOSURES

- 1· Disclose the identity of the organization or provider processing an online transaction;
- 2· Guarantee that the name, logo and likeness of all parties to an online transaction belong to the party and will not be used without express permission;
- 3· Maintain all appropriate governmental and regulatory designations or certifications.

SECTION D: COMPLAINTS

- 1· Provide protection to hold the donor harmless of any problem arising from a transaction conducted through the organization's web site;
- 2· Promptly respond to all customer complaints and to employ best efforts to fairly resolve all legitimate complaints in a timely fashion.

SECTION E: TRANSACTIONS

- 1· Insure contributions are used to support the activities of the organization to which it was donated.

- 2· Insure that legal control of contributions or proceeds from online transactions are transferred directly to the charity or expedited in the fastest possible way.
- 3· Companies providing online services with charities will provide clear and full communication with the charity on all aspects of donor transactions including the accurate and timely transmission of data related to online transactions.
- 4· Stay informed regarding the best methods to insure the ethical, secure and private nature of online ePhilanthropy transactions,
- 5· Adhere to the spirit as well as the letter of all applicable laws and regulations, including but not limited to charity solicitation and tax laws;
- 6· Insure that all services, recognition and other transactions promised on a web site, in consideration of gift or transaction, will be fulfilled in a timely basis.
- 7· Disclose to the donor the nature of the relationship between the organization processing the gift or transaction and the charity intended to benefit from the gift.

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