



# Cass Business School

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How well do charities use Internet and what are the barriers to its successful use?	
<b>Lecturer</b>	
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## **Biography**

### **1. Introduction**

The Internet is a global communication tool. It has become an important part of our lives. There aren't many charities left that haven't taken advantage of it. There are a variety ways that charities can use it successfully and at the same time there are plenty of barriers for successful usage of the Internet.

This assignment looks at the advantages offered to charities by the Internet and then the reasons why they might be unable to optimize those advantages.

### **2. Definition of the Internet**

As defined by Wikipedia: "The Internet is a global system of interconnected computer networks that use the standardized Internet Protocol Suite (TCP/IP). It is a network of networks that consists of millions of private and public, academic, business, and government networks of local to global scope that are linked by copper wires, fiber-optic cables, wireless connections, and other technologies."

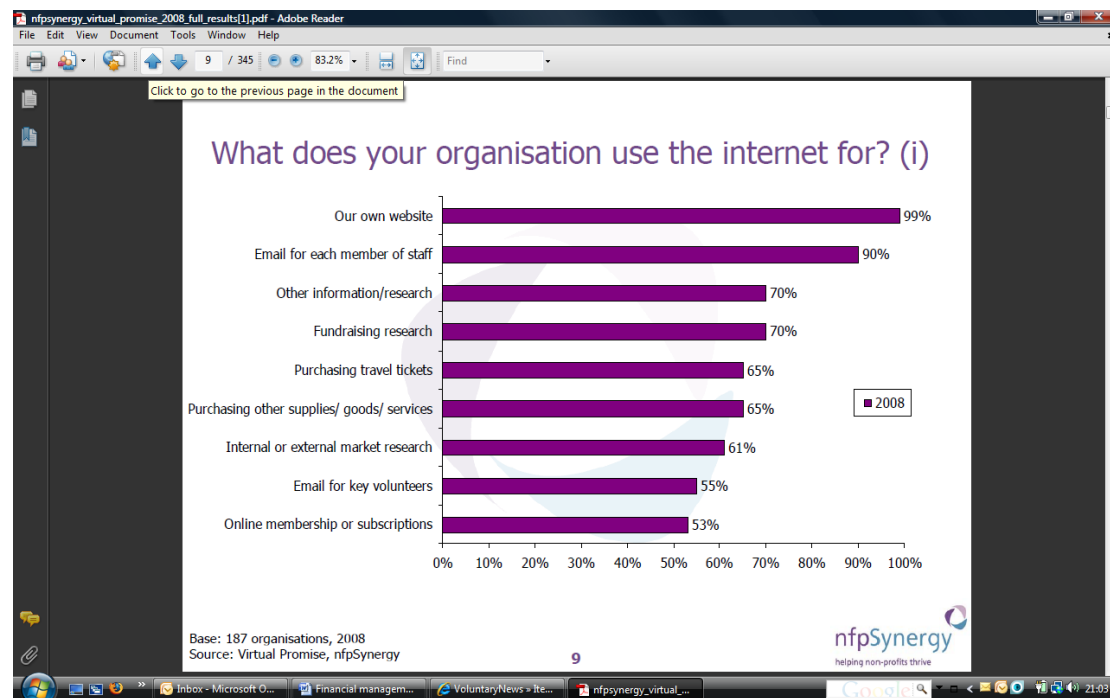
The internet has developed considerably over the last few years, helped by new technologies that give the public faster access and download speeds. 12 years ago, people could only access the world wide web using dial up modems which were slow to connect and slow to download. These were also unreliable. The next technological leap forward was the introduction of digital ISDN lines that doubled download speeds. However, ISDN was relatively expensive and it wasn't until the introduction of ADSL that fast, reliable and relatively cheap internet access was available to the public as a whole. There have been problems along the way, especially during the bursting of the internet bubble which damaged the reputation of the internet for many. However, this bubble burst was not the fault of the internet as a technology but rather a misguided view by many that a new technology brought with it the opportunity to rewrite business models, which ended up being a recipe for disaster.

ADSL usually makes viewing the Internet a pleasure for the end user and allows web developers to introduce more complex and richer web content to their web sites. The question is whether charities are using this new technology to the full and exploiting the opportunities that it offers?

When discussing the internet I am referring not only to websites but email, intranet, e-fundraising, and marketing.

### 3. How are charities currently using the Internet and why?

In 2008, Nfpsynergy published the results of their survey “Virtual Promise 2008” and one of the questions asked was “what does your organisation use the internet for?”. The results are shown below -



The results clearly demonstrate that virtually all charities have their own websites and to be honest this shouldn't be too surprising. Web site creation software is commonly available and internet hosting packages are relatively cheap. If you don't have the internal skills available to create a web site then there are many external agencies that will create a website for you at a competitive price. A website will offer a charity the following: -

- 1) A means of communicating with your members so that they can see your aims and ambitions and the progress that you are making. This assists your branding/marketing and your general service provision.
- 2) A means of sharing with your supporters or other interested groups your resources by placing them online. This helps your strategy for campaigning and communication.
- 3) A means of retaining your membership through promotion via your website. Also, through user registration, it is possible to attract new supporters to your charity in a cost effective and targeted way.
- 4) A means of fundraising either through direct appeals on your website or through external intermediaries that raise funds on your behalf through merchant schemes ([www.buy.at](http://www.buy.at) being an example).
- 5) A means of providing a mass communication tool which can be used without using Intermediaries at much lower cost. Email newsletters allow the charity to give news to known supporters in a targeted and cost effective way. Before my charity, CSW, started using the Internet, they published their ideas in the various Christian journals and magazines. This proved to be very expensive and did not always reach the right audience.
- 6) A means of reaching new audiences at a low cost. The internet can be used to target an audience at a lower cost comparative to issuing paper appeals or response magazines. Most of website costs are fixed, so an extra person who visits the website costs nothing. CSW uses its website to target most of its audience particularly the youth. They proved to be the most Internet literate and enjoyed using it to receive updates on news and events.
- 7) Limitless size. A website (provided server power) can cope with sudden constantly changing conditions. Other technologies are not so adaptable. For example, if phone calls suddenly doubled then an organization would find it difficult to manage. The internet has a high capacity with rapidly changing demand.
- 8) Quick and easy to update. If there is an error such as spelling mistake in a publication then it might take months to correct it, whereas with your website a correction can be made in minutes. As an example, one leading charity issued a CD – Rom which had the wrong telephone number and an elderly lady whose phone number was mistakenly listed received 10 calls a day. The CD-Rom could not be easily recalled and corrected, whereas a website listing could be.

9) Links with other sites. Nowadays a single website would not normally satisfy a user when researching a subject. Links to other websites allow the user to move to another website for further information. By providing these links, visitors are more likely to consider the site as a good starting point. Also, integrating other web portals such as Facebook or Youtube to add content to your website can provide a cost effective way of adding dynamic content for your supporters.

10) Information: the engine of the internet. A Charity's work is about services rather than physical products.

"Charities aim to change people's attitudes, raise money and awareness of issues, cut costs, spread ideas about better ways to do things, provide people with information and build their image and brand. In all of these areas, the internet is well suited to the needs of charities."

("Are charities making the most of Internet revolution?", J. Saxon, S Game , available [www.virtualpromise.net](http://www.virtualpromise.net) , 24/06/2009)

That is why the internet has a huge impact on every area of the work of charities.

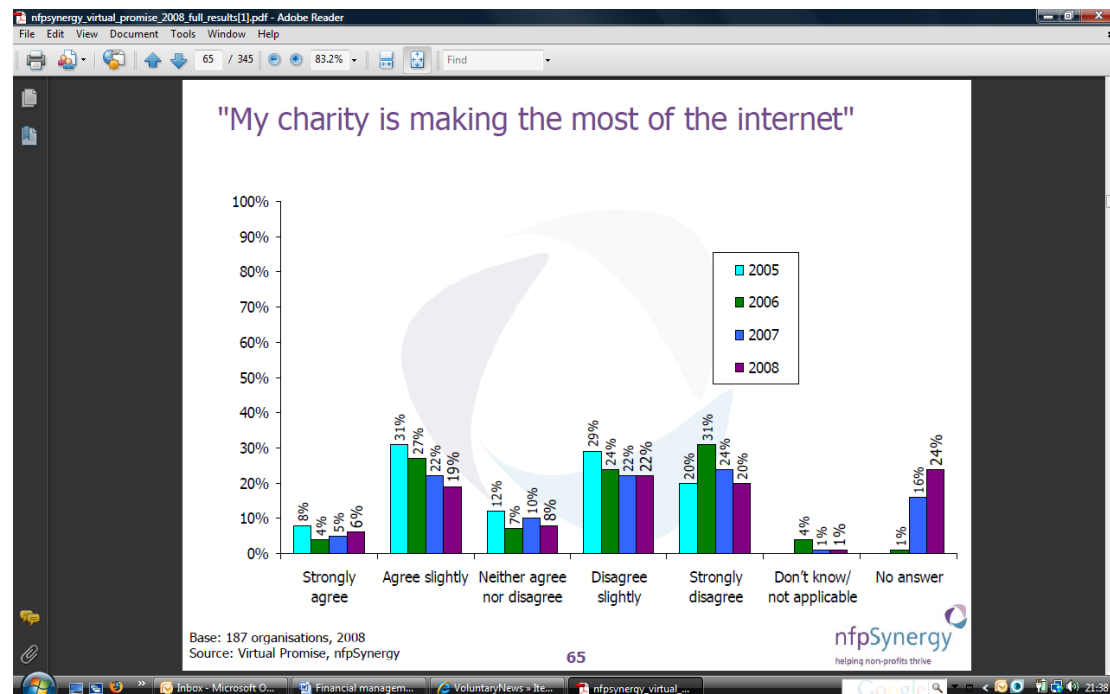
11) Cheaper way to conduct transactions. The Internet proved that it can offer cheap ways to conduct transactions comparative to traditional off-line methods.

12) Source of competitive advantage. When charities compete for funds their website can be a critical point for funders to consider which charity should be receiving a grant.

13) Other systems. The Internet enables other functions and activities to take place. These include facilities such as email and general internet browsing of other sites. The results of the survey above show that many charities use their access to the internet to improve their business productivity by purchasing items online and by using email. Also, your charity can use its website to advertise job vacancies within the organisation, avoiding some of the costs associated with traditional forms of advertising.

#### 4. A Charities making the most of the Internet and if not, why not?

Nfpsynergy's survey also asked the question "Is your charity making the most of the internet?" The results are shown below: -



As can be seen, in 2008 only 25% of the respondents strongly agreed or slightly agreed that their charity was making the most of the internet, whereas 42% strongly or slightly disagreed with that question.

Now some caution needs to be taken because it is quite possible that most of the respondents would have been staff members responsible for the internet, some of whom wished that they had greater responsibilities or greater resources but the figures do suggest that some charities are not taking full advantage of the benefits listed above, to which we need to ask why? Possible reasons identified in my research include: -

##### 1) Lack of resources.

A charity, especially small ones, might not have competent IT staff and IT might not be considered to be a top priority. IT can involve high cost and a clear strategy and an IT budget will be required. Not all voluntary organizations can afford to have this.

The initial costs for the charity can be considered to be very high and includes the design of the Website, payment to an Internet Service provider and sometimes investing in servers, e-commerce software, security technology and support staff.

Also, a website needs to be maintained. An out of date website looks unprofessional and will reflect badly on the charity concerned. However, not all charities can afford in house web editors and as a result they may decide to limit their web presence to something that is very basic and doesn't take advantage of the benefits listed earlier.

Finally, optimizing your presence on the internet, beyond having a very basic web site can become surprisingly complicated for the uninitiated. Does the website comply with W3C guidelines? Do you need Content Management systems? How will the website integrate with your current donor support software? How will you acquire email addresses? How do you integrate your offline marketing efforts with your online ones? How do you approach future technologies such as SMS or Digital Television? All of these questions create complications, increase the resources required and lead to potential problems.

## 2) Ineffective management.

Earl 1989 says: We are trying to connect the exploitation of IT, which is in itself complex, rapidly changing, and often not well understood by managers... (CIMA, Management Accounting Business Strategy P6, 2007 edition, p 224)

Creating an effective web strategy can be very difficult and ineffective management can often hamper this from the outset.

My husband worked with a charity in 2007 that was looking to redesign its website. The original was created in house using commercially available web editors and everybody agreed that it looked tired and a bit cheap. The charity had 14 regional offices and each regional director was consulted about what they wanted from the new website. This simply led to delays and confusion. Initially, not all regional directors responded and those that did wanted totally different things from the website. After much coaxing, further responses did come in but these added to the confusion. Eventually, a web strategy was agreed (but not unanimously) and the work was outsourced to India to save on resources. This led to further problems as time differences often meant that strategy meetings couldn't be arranged and there was little face to face contact between the web developers and the staff responsible for site in the UK. Eventually, when the first draft of the site was shown to the regional directors, it was met with some antipathy, as the old disagreements resurfaced. The project took 6 months and cost about £30000. It eventually died when the staff member responsible left to work for a new charity and a new marketing director came in and decided that he didn't like the redesign anyway.

Not longer afterwards, the charity was taken over by another larger group, who had their own website policy. Each regional director was told that they had no choice but to accept this policy and that they had to adapt to it whether they liked it or not. A new site was created in the next month and whilst there were still complaints, an effective website did emerge that met the needs of the charity concerned.

However, this example does show how poor strategy implementation can scupper the potential advantages that might be gained from having a web presence.

## 3) Lack of support.

Where a voluntary organization relies heavily on the Internet because it has orders to take or important news to give to its supporters, it is vital to have 24 hour Internet available. Sometimes, a poor Internet connection and lack of provider support might

interrupt the charity work, although commercial web providers tend to be better with this than they used to be.

### 3) Appropriate hardware and software.

The Internet affects the work of all levels of management so it is important that the appropriate hardware and software is available to support high speed Internet access, allowing staff to be able to perform their jobs effectively.

### 4) Inappropriate use of the Internet

IT and the Internet involve many stakeholders such as supporters, bankers, employees, government, trustees, and suppliers. Whilst, it can be a tool that improves efficiency within the office it can also be used inappropriately and can cause many problems.

Employees misuse of the Internet is something that needs to be watched. As an example, at CSW, one of our employees was using the Internet for 7 hours looking for alternative jobs and holidays, which was clearly not what she was being paid to do.

Another problem might be the incorrect use of Internet technology that leads to unforeseen problems. At my previous place of work, there was a temporary worker who sent an email of apology for undelivered items in one batch of emails using the "To" section of their email client. As a result, all the customers who did not receive their items were able to see the email addresses of other customers who experienced a similar problem. This meant that they started writing each other discussing the problem and finally they all complained to a BBC TV program. This damaged the reputation of the company and eventually it went into receivership.

Both examples show that the Internet and email should be used with great care to avoid reputational and financial risks.

### 5) Security issues

"It is widely believed that the perceived lack of security is one of the biggest barriers limiting the e-commerce..."

(CIMA, Management Accounting Business Strategy P6, 2007 edition, p 249)

This can be a big problem for charities. Often the problem is one of perception because some supporters will be aware of real or imaginary security risks and prefer not to donate on-line. This perception of on-line security risks can also lead to other problems. At CSW I once received a phone call from a supporter who claimed that CSW had used his card details fraudulently. We agreed that he would check with his bank and come back to us if this was the case. He never came back to us but the episode created delays within the office and possibly led to the loss of a supporter who no longer trusts the organization.

However, sometimes security issues are not just a problem with perception and can lead to serious issues that need addressing. Again, I am aware of a charity that was



using an outside agency to email their supporters. This involved linking their supporter database with the outside agency's database and using that company's script to send out a mass email that linked to an online petition. However, after the email had been sent, it emerged that this link contained confidential information about the recipient such as their address, telephone number and date of birth. Also recipients could manipulate the link if they knew one piece of information about another recipient and get this confidential information about that recipient also. It might be argued that the security risk was minimal because other recipients did not know the information required but that fact couldn't be guaranteed and the data protection issues caused much consternation for the charity concerned.

Issues such as this can often cause unease amongst the people who eventually approve web strategies which might affect how well a charity use the internet.

## **5. Conclusion**

The internet is a tremendous promotional tool available to all. All charities should have an internet presence and as far as I can tell, almost all do have at least an internet site promoting their cause. However, it is one thing to have a simple web site advertising your aims and services. It is quite another to fully integrate all of the new technologies that are constantly being introduced to maximize the content that might be useful to the charity concerned.

Exploiting these new technologies and maximizing your Internet presence requires careful allocation of resources, a clear management structure, obtaining access to qualified and knowledgeable staff and a clear Internet plan that considers your future goals, your current IT infrastructure, clear job roles and the amount of resources committed to the project as a whole.

A bad website, however expensive, will cause a charity more problems than a good, simple website, however basic. The technology is available and will continue to develop over the coming years that could benefit your charity in many ways. However, careful planning is needed to exploit this and if you don't have sufficient resources available to do this then great care must be taken, as there are many examples of companies spending a lot of money on web sites only to end up with disappointing results.

## **Biography:**

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