From The Clubhouse: Fundraisers Relationships With Tech - Why It Matters And Why It Should Still Remain Personal

A digital-first shift is changing how nonprofits operate but we are struggling to keep pace.

Technology is a critical tool enabling nonprofit organizations to reach a wider audience, improve effectiveness, streamline operations, and ultimately achieve their missions. However, there is often hesitation among nonprofits to adopt new technology due to the perceived complexity and cost. Technology is constantly evolving, and organizations that are slow to adopt new systems and tools may struggle to keep up with the impact of similar organizations.

A great article from Yale Insights (from the Yale School of Management) provides some real nuance to the hypothesis that nonprofits don't get it yet. It features a robust Q&A with members from Compass (a group that inspires business professionals to engage with their local communities) that discusses the transformative value of technology and what the future might look like with a more strategic direction. The question frames the article: Do nonprofits take the digital world seriously? This is troubling for many reasons, and the reality is that this will forever be the disconnect if nonprofits are viewed as a business model in dire need of support (or saving) from the business community.

So what's the go? Is it a simple case of literacy or more demystifying the tech? I tend to go for the latter in these cases except for data. We sit on troves of it but don't even come close to utilizing it in a way that informs new decision-making

or approaches to tackling prevailing social issues in our society. We either cherry-pick data that supports our own organizational vanity metrics (have you ever seen an impact report that says we aren't moving the needle on this issue) or ignore them either because we don't know how to use it or that we can't see what's hiding in plain sight - another case for machine learning to be fast-tracked in our field.

There is no sector-wide agreement on what it means to be data literate, and conversations on data literacy skills range from a basic understanding of the value of data to advanced topics of Artificial Intelligence. This skills gap is also generally lacking across employees and recent college graduates, which may be surprising considering that Gen X and Millennials have grown up with technology.

We need to be aware of the critical distinction between being comfortable with technology and being data literate. The lack of a clear definition of data literacy poses a key stumbling block, making it difficult to measure and teach. Many conversations about data focus on technology, which can be misdirected. For nonprofit organizations, it is important to focus on how data can support their mission, and the critical skills and abilities needed for success. By focusing on data literacy and the specific skills and abilities needed for success, nonprofit organizations can become more confident in their ability to use data analytics effectively and achieve their missions.

Demystifying something is to make it easier to understand, but to be frank, I think that our field tries to oversell it, when encouraging adoption and sharing successful campaigns and client stories should be the immediate focus. I believe we need tech solutions onboarded quickly so our nonprofit organizations can stay focused on outcomes and not outputs, and remain relevant in an ever-changing landscape where we are realizing lots of our societal ills are intersectional in nature. Tackling the issues is going to all we have in the toolbox and tools that can help us see the myriad of options available.

Since Future Philanthropy was published, the door to the nonprofit tech world swung wide open for me and I was lucky enough to meet with some people doing amazing work in our field. Meeting those making my predictions of impact ring true not only helped me understand the space in a much more nuanced way but also set the table for a conversation around what next, and how we might fast-track the solutions of tomorrow.

One of those conversations was with the company Pilytix and its founder Jim Dries. Pilytix is an AI company dedicated to solutions that essentially lower costs, saves time, and increases profitability for universities, and sports & entertainment organizations. So as you can see, we had mutual interests.

Our first conversation was over at his office in Austin, Texas, where we spoke for a few hours about the state of advancement analytics, AI, and what fundraisers need now and could do down the track. It was a refreshingly candid conversation that drew a pretty easy conclusion, that if we can find a way to demystify the tech, we might see it rise to prominence far more quickly.

That means more gifts, larger gifts, identifying new partners, driving new efficiencies in fundraising practice and process, informing fundraisers of donor patterns leading them to smarter asks, etc. Pretty much the simple description of his company that I just mentioned.

I jumped at the chance to build on our conversation and share our thoughts for *Nonprofit Moneyball*.

Nonprofit Moneyball is something Jim instantly connected with especially given his company started out in sports sales and then expanded into fundraising. But was this a natural evolution or simply an opportunity to pivot given the relationship with one of the biggest fundraising machines in the world, the University of Texas at Austin?

Jim explained that their expansion from sports sales to fundraising was completely natural – though not intentional – and only made possible by smart, creative, and patient leaders in the University of Texas' fundraising operation.

They began working with UT-Austin's Athletics department in 2017 with their tools deployed to support a small sales staff selling ticket packages for their ticketed sporting events – Football, Basketball, Baseball, Volleyball, and Soccer. Data and Analytics personnel at UT who supported both the sales team and the fundraising team encouraged them to attempt making slight modifications to their tool sets built for high-volume sales environments – and then apply those toolsets to fundraising. In other words, they were convinced of the applicability before Jim and his team even considered expanding into fundraising.

"That experience has been indicative of what we found in philanthropic organizations – and why we are so optimistic about our future in fundraising. In addition to working with smart and capable business leaders in this space, there is a warmth and a collaborative ethos that seems to run in the DNA of the people who have committed their lives to philanthropy. Serving and supporting good people following noble passions and making the world a better place has been the most gratifying part of my entrepreneurial journey." Jim said.

Jim agreed that the best tech solutions are those built in partnership with the end user especially in niche markets like fundraising. He noted that their ability to build a strong and growing business serving fundraising organizations has been a direct function of the generosity and patience of their 'early adopters.'

"When we got into fundraising, we knew there were enough parallels to our legacy business which supports large sales organizations that our platform could be adapted to fundraising. The early adopters convinced us of the parallels. That said, we were unfamiliar with many of their data-producing systems and we needed to be educated on the process differences – sometimes very subtle – between sales and fundraising."

"To provide reliably transformative insights we need to model behavioral patterns of donors and gift officers. We need to understand the nuanced processes of the organization that we are serving. We need to understand their goals and we help them define their needs. The early adopters, remarkably, saw enough in our vision to take the time to get us up to speed. We spent almost a full year implementing our first university fundraising client and there were dozens of conversations and modifications over that span." Jim shared.

Understanding was one thing but educating the clients was a two-way street. Speaking more broadly about the sector beyond the more mature fundraising shops we see at universities, Jim accepted that there is a growing gap in data and tech literacy in nonprofits ranging from a distorted showcase of social media engagement to understand what an algorithm is. This got to the crux of our conversation of demystifying it all. So how can organizations become better informed to understand, use and benefit from tech options?

Jim was quick to point out his take on it. "I think there are two broad categories of learning that everyone can – and probably should – take advantage of."

Proactive learning: Carving time from your schedule to seek information.

Reactive learning: Engaging with vendors coming to you in a way that compels them to teach.

"Proactive learning would involve seeking out a few thought leaders. Follow their social media, subscribe to their podcasts, and add yourself to their email lists. The data and tech world is evolving so rapidly, that this is time well spent – whether you are trying to stay ahead of the curve – or just want to avoid looking lost when team discussions inevitably take a technical or data-focused turn."

"The key to reactive learning is asking vendors lots of questions – and choking back any compulsion to preface any question with "this might be a dumb question." If you don't know the answer, it's a smart question. It's not your job to connect the dots. That's the technical salesperson's job – and most of them are very well compensated to educate you."

Fundraising has always been – and always will be – driven by relationships, particularly at the major gift end of the giving spectrum. Many fundraising

organizations have convinced themselves that technology undermines relationship building and consequently have been slow to adopt technologies that are commonplace in other industries. Indeed, some technologies were developed for highly transactional industries where relationships aren't as important. But, it's a big mistake to group all technical tools under that umbrella. Tech companies can accelerate success. Companies like Pilytix can support decision-making. They can create efficiencies that allow teams to accomplish more. However, technology cannot replace the humanity that lies at the core of each donor relationship. Worthy tech companies with good products recognize this and position their products accordingly.

Jim interjected and also called out a high degree of tech arrogance too. This awareness makes Jim such a great champion of his field and he hasn't gotten drunk off his own Kool-Aid. "Companies in this space build good products, but then position themselves as the answer to everyone's challenges - always. Many philanthropic organizations – particularly those organizations that don't have the in-house technical resources to vet new technical purchases have been burned by over-promising and under-delivering vendors."

"How do we change? Unfortunately, I don't think we will ever live in a world without unscrupulous vendors, so the industry needs to take ownership of its technical future. I think there are basic steps that philanthropic organizations can take to minimize the risk of making bad technical purchases. Ultimately, though, there are a lot of good, value-driving vendors. I think for the industry to accelerate its digital and technical transformation, there have to be more fundraising leaders willing to experiment with technology and demand experimentation from their top deputies – knowing that not all experiments will succeed. Still, failure is sometimes the most powerful teacher and a necessary step toward greater success." Jim professed.

Jim clarified what he meant by experimentation too. "try new tools and accept going in that they may not work. Run small but significant trials and give them enough time to succeed or fail. If the experiment is a bust, keeping it small will prevent damage to the organization."

There was an invitation here to the field to preach it if it is a success too. And he is right, we ultimately need to start using real data to educate our peers. This industry needs to hear about it. We also need to talk candidly about the "value" that tech companies bring in very binary terms and in fundraising that has to be their ability to make money or their ability to save money. And this is how nonprofits need to evaluate technical purchases. And when implementing any new technology, nonprofits need to clearly understand what metrics are

going to be impacted by the purchase – and how those impacts are going to contribute to the bottom line.

We then shifted to the future, which we joked was already here, but set our sights on going back and forth on the fundraising areas that seem like obvious candidates for a tech revolution over the next few years.

The first was 'Donor Identification Technology' which we noted had to be fast-tracked given the number of large-scale campaigns becoming the norm. "Whenever I hear from an organization prepping for a campaign launch, there is almost always a fully baked plan already in place to hire lots of new fundraisers – but there has been little attention paid to the size and quality of their prospect universe. Jim shared.

"The first question I ask is "do you have enough qualified prospects to hit the campaign goal." The answer is almost always "no" – though it sometimes takes some back and forth to arrive at this inevitable conclusion."

Without enough qualified prospects, an organization can double or triple the size of its fundraising team and will likely come up short. Intuitively, most organizations know that likely donors share two characteristics: they have the financial means to donate and interest in donating. The most progressive organizations are now including interest levels in their definitions of "qualified prospects" and beginning to harness the huge volumes of untapped behavioral data that correlates with interest – event attendance, web visits, email opens, social media engagement, and more. Success rates are significantly higher when fundraisers engage prospective donors who are both capable of and interested in donating.

Jim added, "Even marginal increases in win rates translate to a huge financial impact over the life of a campaign. However, interest levels ebb and flow which means the qualified prospect pool is a constantly moving target. This is where technology comes in; a basic manually populated spreadsheet approach can't keep up with the huge volumes of constantly changing data – nor interpret the impact of each change."

The second conversational thread was around the "Donor / Customer Journey. "The For-profit tech industry has been tinkering with the "customer journey" for decades. That is, figuring out the levers that they can pull to accelerate the journey from "brand awareness" to "purchase" to "repeat purchase" to "lifelong customer." I think this is an area with obvious parallels to fundraising. Every organization has a contact database that includes prospects who have never given, prospects who have repeatedly written large checks – and everything in between. Technology that empowers fundraising teams to integrate disparate data sources, efficiently segment their contacts, and then deliver

relevant messaging via various communications channels is just beginning to see disciplined adoption in fundraising."

We ended on a back and-forth around empowering gift officers to make smart decisions and scale themselves, which sounds like a novel idea until we weaved in the fact that as a sector we have seen unprecedented turnover in fundraising personnel in the past few years. The recent turnover – likely caused by several factors – comes with a silver lining: this turnover crisis is compelling many organizations to invest in the success of their fundraisers, knowing that they can't afford to lose any more talent.

"They know working harder is not a sustainable long-term strategy for a smaller team. The key activity metrics they historically used to drive aggregate team success can't continue with a smaller team – revving any engine too hard for an extended period will break it. But they also realize it will be an uphill climb to hit larger fundraising numbers with a significantly less experienced team. So, many organizations are also looking more skeptically at hiring their way to increased revenue goals."

"Every day of the week, I hear from organizations saying that they want to empower their teams to work smarter. This means different things to different organizations – but the general strategic approach is absolutely necessary. Other industries have adopted "work smarter strategies" and are finding they can improve financial results while providing a better work-life balance for their employees. I think that fundraising organizations who fail to adopt these principles will have a difficult time attracting and retaining good fundraising talent." Perfectly stated Jim, perfectly stated.

And so, we finish where we started, with an agreement that while there was a long way to go and education was a critical part of the broader adoption of AI in fundraising, it is driven by people and their relationships, just not always with donors, their relationship with technology too.