Ramping Up to A.I. for Major Gift Fundraising

By Mary Hackett, Senior Consultant and Data Analyst
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With the ability to assimilate massive volumes of data and render insightful judgements, artificial intelligence promises one day to be a powerful asset for major gift fundraisers. But to be part of this wave of innovation when it comes, organizations need to put solid building blocks in place and ramp up their capabilities now. This paper explores steps to take in order to adopt best practices and be ready and well-positioned for the advent of A.I.

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Introduction: Great Things to Come

With artificial intelligence (A.I.) applications expanding every day in fields ranging from medical diagnosis to self-driving cars, it seems inevitable that the tools of A.I. will eventually be brought to bear on the challenges facing major gifts fundraising. Less clear is how soon this will happen or just what form it will take.

There are many branches of A.I. and competing definitions of the term itself. Its most basic and common meaning, however, involves employing digital systems that can accurately simulate high-level human cognitive functions: planning, problem-solving, decision-making and more. In the realm of development, this could mean approximating the judgement and wisdom of a seasoned major gifts officer—and enriching that judgement with enormous powers of data analysis. The result would be to truly integrate the art and science of fundraising.

A.I. specifically built for major gifts could allow programs to scale in a way never possible before, to take all the insights of a professional who has been embedded in an organization for decades and knows a circle of donors intimately and to extend those powers across a large enterprise. In this scenario, A.I. would empower a development team to understand and reach major gift prospects in far larger numbers and do so in more precisely targeted and effective ways.

Applied in another context, A.I. could equip small shops or relatively inexperienced major gift officers with the benefit of judgement far beyond their budget or their years.

These kinds of capabilities are not currently available, and it will likely take a series of step-by-step advances until they are. But as we wait to see how and when these exciting innovations will arrive, several points are clear right now:

- When A.I. applications come to the world of major gift fundraising, these sophisticated tools will be impossible to deploy without the proper foundation in place.

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- Many nonprofits face significant work ahead to build the kind of healthy data environment needed to employ A.I.

- The steps required to prepare for A.I. are not just an investment with a return awaiting in the distant future; they will greatly strengthen an organization's ability to employ data analytics and boost fundraising performance today.

The focus of this paper is on these steps: what organizations can and should be doing to optimize their use of data with an eye to the future.

The philosophy behind the advice presented is simple and practical. Until we have artificial intelligence built specifically for major gifts, we need to make the most of the next best thing: actual intelligence.

Priority 1: Joining the Drive for Data Quality

Often in conversations concerning data—whether about the power of data mining or the wisdom of data-driven strategies—the word "data" takes on the quality of an undifferentiated commodity, as though all data were the same and consistent in value, like crude oil or corn.

Of course, nothing could be less true. There is data that is accurate, current and complete and data that is less so. There is data housed in rational, consistent and accessible systems and data that is not—and the difference is enormous. If you find yourself in doubt regarding the quality of your own organization's data, two simple diagnostic questions will help point toward the answer:

- How fully do the members of your staff trust the information that comes out of your database? Do they rely on it comfortably and confidently or feel compelled when something important is on the line to confirm and triple check?

- How easy is it to generate reporting, for instance, for an important presentation? Before a Board meeting, do you simply run the numbers you require or do you launch a stressful process well in advance, knowing it will take time to get right?

Obviously, these are rule-of-thumb measures that yield only the most general of indications: Yes, your data and data infrastructure are in solid shape. No, some significant energy needs to be invested.

Most development officers do not find the topic of data hygiene terribly engaging. It's not strategic. It's not cutting-edge. It is, however, essential. In fact, it is as essential as the foundation of a skyscraper is to the building's stability. Any high-level strategy or resource allocation driven by your data will only be as valid as the data itself.

What is involved in improving the quality of your data if it is not where it needs to be? Without attempting a step-by-step textbook presentation, let me outline the contours of this undertaking.

First, some of the key parameters we are concerned with evaluating and improving as part of any data clean-up:

- **Overall data health.** Are there duplications of records, misspellings of codes or empty fields that should not be empty?

- **Constituent management and tracking.** Is biographic and demographic data consistent? Can donor types be assigned? Have they been?

- **Gift and pledge management, including campaigns and appeals.** Do pledges have payments recorded and schedules to trigger reminders?

- **Database utilization.** Is the organization employing all the modules it's paying for and in the optimal way? Is data being entered into the logical places where it should be—and into the same places in the same way by all staff?

To understand all that's at stake in answering these questions, consider a simple example: the way the death of a donor is recorded. If the "deceased" field is not checked in the donor's file—if, for example, an entry has only been made in a "notes" field—there's no simple, automated way to exclude the donor from receiving future solicitations. Furthermore, if most staff use the "deceased" field correctly, but some do not, the result is just as undependable.

If indications are that your organization needs to improve its data hygiene, it's essential to proceed methodically and with forethought. The first essential step is to establish database standards—comprehensive written guidelines addressing the way every module and field of your database is used and the way every contingency in data entry is handled.

It may be workable for certain aspects of a data clean-up to be undertaken by the staff who manage the database day to day. *However, creation of the database standards cannot be.* It is nearly impossible for people who have been living within a "dirty" data environment to clean it up themselves. It's extremely difficult for them to see beyond the way things have been done to the way they should be.

The most effective approach to creating a set of data standards that will lead to a sustainably clean database is for someone with an outside perspective to develop the standards drawing on ample input from the staff who will implement them. More specifically, I find that it is best for the outside expert to develop an initial draft of the standards, then review them point by point and page by page with the team.

Once the standards are set, they provide the blueprint for the detailed work of actually cleansing each field of each record in the system. This is a substantial undertaking, but in many cases, there are ways to make global changes that greatly accelerate the process.

In addition to guiding current staff in database use, solid data standards are an invaluable tool when it comes to onboarding new staff and helping to ensure that your data, once cleaned, stays clean.

Priority 2: Harnessing the Power of Holistic Systems

The second great territory of opportunity where many organizations can make strides forward in effective data use relates not to the health of your data itself, but your infrastructure, specifically the configuration of databases you are employing. As a rule, organizations that manage many varied functions through a small number of closely integrated databases can orchestrate their relationships with donors in ways impossible for those that find themselves in the opposite situation, with a proliferation of siloed systems. In short, in the world of databases, more holistic means more powerful.

The types of functions most useful to manage in an integrated way include donor and gift records, online giving, email management, ticketing, event registration and event attendance. When these are handled in a holistic way, the result is added insights into your constituents, the many ways they engage with your organization and the nature of their affinity for your mission.

Consider the emails that a certain prospect opens. Perhaps it is every message concerning breast cancer awareness and research—and only those

messages. Knowing this, you can you target not only future messages, but invitations to stewardship opportunities and eventually significant asks.

Or suppose you are a science museum following the engagement of a mid-level donor who has the capacity to be a major donor. You see that the events he attends tend to be astronomy-focused. You also see that he has bought family memberships for all his grandchildren. Now imagine an intimate planetarium show for this donor's family and those of a few like-minded friends—a personalized, powerful, relationship-building experience.

Getting attendance-related, giving-related and program-related data connected with each other means you can see every way in which a constituent opts in and out when it comes to involvement with your organization and use that information to craft an engaging experience. You can tailor stewardship for a large group of potentially important donors, treating them all with the personal care a principal donor would expect. You can make your calls and major gifts solicitations laser-focused.

Unfortunately, most organizations are not positioned to operate at this level. In large part, this is because of the way systems environments tend to evolve over time, as different departments acquire various databases to meet their individual needs. Without exceptional foresight, intentional planning and attention on the part of IT staff to development needs, a holistic outcome is highly unlikely.

Another challenge is that, depending on the nature of your organization (membership-based vs. ticketing, arts vs. social service, etc.), you may find that there is no single system available on the market that can support as broad a range of functions as you would like.

Given these realities, the only answers are pragmatic. First, make sure that a holistic approach is the agreed-upon long-term goal of your organization, so that as databases are replaced and acquired, your evolution is in the right direction. Second, build custom data bridges where you need them most. It may not be possible to achieve seamless integration, but you can punch a few well-placed holes in those silo walls.

Priority 3: Extracting Maximum Value from Existing Data

In seeking new levels of major giving success, it can be tempting to look for revolutionary new approaches, and I would be the first to acknowledge these are exciting, particularly the possibilities that open up when you begin layering data from multiple internal and external sources in sophisticated ways. This, in fact, is a major focus of my own work every day. However, for most organizations it is not the first step to employing data analytics more effectively. Instead, the best advice in most cases is to look within—to recognize the enormous value latent in the data already at your fingertips and to work thoughtfully to extract more of that value and put it to work.

Any nonprofit, thanks to IRS reporting regulations, that has been active for a significant length of time is in the lucky position of sitting on mountains of data, in fact, *Alps of data.* Within this trove, there are many opportunities to glean insights that will drive strategies and tactics, and if your organization is like most, you have only begun to tap them.

What are some of the approaches you should be employing?

- Using grid analysis to follow trends in donor groups at various levels over multiple years to find areas of potential and concern.

- Zeroing in on retention and attrition metrics so that you can course-correct if needed.

- Employing predictive analytics, that is, crafting precise queries on giving patterns to see how your current major donors behaved years ago and who's behaving that way now.

- Examining the intersection of affinity and capacity to target your efforts most productively.

These approaches yield benefits of two kinds. They help track program-wide performance, so that you can shape strategies, set goals and allocate resources. And, they guide your efforts to build your major gifts program by expanding your prospect pool.

Many development teams acknowledge they are returning to the same committed circle of major donors year in and year out—and they recognize the risks. For too many, however, the answer is all about wealth screening. Of course, wealth screening is useful, but without the complement of affinity screening, it's all too likely to leave you chasing whales. And where do you find insights on affinity to balance those on capacity? Entirely within your own data.

Public records of many kinds can help approximate individuals' wealth. Of course, as we know, they can also miss wildly. Only your database, however, contains the story of a donor's engagement *with your organization.* (As noted in the prior section, the more holistic your data infrastructure, the richer and more useful that story will be.) Not only are measures of affinity invaluable in guiding your efforts, I would contend that when it comes to identifying those major gifts prospects most likely to commit significantly and over time, affinity trumps capacity nine times out of ten.

It may seem that some of the approaches I am suggesting are fairly basic, and it is true that most clients I've worked with are already employing at least some of them. However, few are getting the full value they could from their data, and for every decision maker asking sharp questions ("Show me every $1,000 donor who has increased his or her gifts five years straight."), there are others simply requesting to "see the trends."

When organizations are not using their data as effectively as they should, it can be because they are not staffed adequately or because decision makers don't have the skillset to be comfortable with quantitative matters. In addition, there is the need for an investment of time and attention; it can be easier to authorize a spend on a wealth append than to sit and calculate a surgical strategy based on all that your own data can tell you. Most commonly, however, the real issue involves a gap in the organizational structure between the people with hands-on knowledge of the data and those shaping strategies.

Fortunately these kind of structural issues are not insoluble. Even more fortunately, addressing them opens up the possibility of employing sophisticated, powerful and efficient ways to focus major gifts efforts and fuel long-term growth.

Conclusion

The recommendations set forward in this paper offer practical, actionable advice to position an organization to tap the potential of new tools of data analysis as they come online, whether these advances involve incrementally more powerful techniques or the advent of true artificial intelligence.

Importantly, the steps outlined also represent ways to use data more successfully in the near term. The right improvements now will not only mean readiness for tomorrow's innovations but also better fundraising performance immediately.

About the Author

Mary Hackett supports the work of Schultz & Williams's development team through her specialized skills in data analytics. She led the way in developing S&W's PROfile™ service, which gives organizations a 360-degree view of their philanthropic landscape, yielding insights that help shape carefully tailored and highly focused strategies.

Mary helps clients with database audits, data migrations, custom reporting, database set-up, prospect identification and building coding structures. She also develops custom modeling approaches for organizations looking to expand their major gift pools.

Since joining S&W in 2017, Mary has worked with clients including Rock Creek Conservancy, Germantown Friends School, Philadelphia Zoo, Gwynedd Mercy University, The Marlborough School and many others across the country.

Mary's prior experience spanned more than 17 years in development, including leadership positions with the Humane Society of the United States (D.C.), Swedish Hospital Foundation (Seattle) and Boys & Girls Clubs of King County (Seattle). It was while working with these institutions that she learned the value of healthy data and the impact of data-driven decisions.

Mary earned a bachelor's degree from the University of Dayton and a master's degree from Gonzaga University. When she is not working, she enjoys spending time with her husband, Aaron, and dogs, Matt and Debra; exploring the West Coast from her home base in Bend, Oregon; and reading, practicing yoga and hiking.

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