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## The "Going Digital" Issue

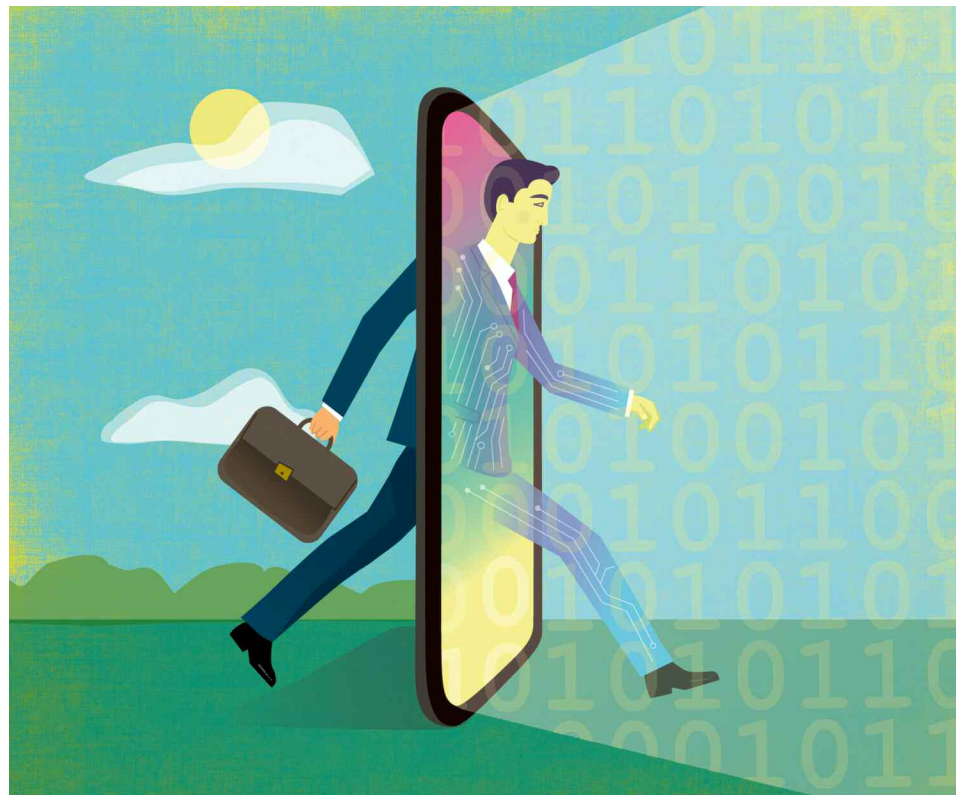
When was the last time you wrote a cheque?

Funnily enough, I wrote one just the other day but, if you're like me, it's a rare occurrence. And I suspect many of you (particularly those younger than me!) probably don't even have a chequebook.

It feels like we are rapidly approaching a time when "writing a cheque" will fall squarely into the "thing of the past" category. According to CIBC, cash and cheque payments declined 22 percent and 41 percent respectively between 2008 and 2016, while payments made via mobile devices are expected to grow 23.2 percent annually through to 2020. And the way we pay for things is only one of the many ways that our lives are increasingly being led online.

In thinking about the implications of this change for those of us in fundraising, the transaction piece is only one part of a much bigger picture. Digitally based technology is changing almost everything about how the business of charity is done – from transacting payments, to building relationships, to delivering on mission.

When we interviewed our [Trends Advisory Board](#) earlier this year to hear what they were thinking about, the need for their organizations to be digitally competent and capable came up consistently as something they were focused on. And through our recent [What's on Your Mind](#) survey (conducted in our Spring 2018 edition of



*Philanthropic Trends Quarterly*), you told us that digital is something you're thinking about as well. (For a high level summary of those survey results, [click here](#).)

So, it is to the topic of **Going Digital** that we turn our attention in this edition of *Philanthropic Trends Quarterly* in the hopes of bringing some clarity to what it means... and what it means we have to do. In addition, we touch on the topic that is the "yin" to digital's "yang" – data. Good data practices are a fundamental underpinning to executing a digital fundraising strategy, so we also share some thoughts about what organizations need to do to get their "data house" in order.

For more on both digital strategy and data, check out two recent episodes of our monthly podcast [The Ask](#). Episode 9 explores digital strategy while the Episode 7 focuses in depth on the topic of data.

It's our pleasure to bring you this edition and, as always, we hope you find some useful nuggets of information and a good dose of inspiration!

Happy summer!

Nicole Nakoneshny  
Senior Vice President / Partner / Editor, PT4

KCI >>

FORWARD THINKING



We live in an increasingly digital world.

Likely that's stating the obvious, but if you're at all skeptical, consider that in a recent survey, 46 percent of respondents said their smartphone is something they "can't live without". In addition, a report from Media Technology Monitor found that Canadians spent 24.5 hours online per week in 2016, with those aged 18 and 34 averaging 34 hours per week (or nearly five hours per day). And mobile is rapidly becoming the dominant platform through which that time is spent with a 2017 report from comScore noting that Canadians are spending the majority of their digital time – 63 percent – on mobile devices.

Of course, the non-profit sector is not immune to this movement toward online and mobile. According to CanadaHelps.org, a

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President & CEO, Canadahelps.org*

non-profit organization that helps charities raise money online, gifts made via their platform increased 22.5 percent per year between 2006 and 2015. And increasingly, those gifts are being made on mobile devices, with Blackbaud's 2017 Charitable Giving Report saying that

21 percent of all online donations were made in this way.

This evolution to digital means we as fundraisers will increasingly need to be able to meet our donors in an online world. “The move to digital is a broad consumer trend that is here to stay. As everything else in our lives is becoming digital, I think people also expect to be able to interact with charities in the same way that they do online shopping, banking and other things,” says Marina Glogovac, President and CEO of Canadahelps.org. “We also know that future generations are digital natives, so I think it will be imperative for charities to develop the competencies and capabilities to adapt or reinvent their roles and service in the digital age. Right now, only 26 percent of Canadian charities have mobile optimized website. I worry that non-profits that do not prioritize digital

and mobile technology and become adopters of mobile payments in the coming years will struggle to remain relevant.”

### Digital killed the video store

While definitely time to turn our attention to digital, the non-profit sector is fortunate to be experiencing digital disruption later than has been the case for other industries. As a result, we have the chance to learn from their successes... and their failures.

And the first lesson is that when digital becomes a factor, it's critical to sit up and take notice. Take the media and music business. Within a decade of digital having an impact on those industries, compact disc and DVD sales dropped by more than 80 percent. And many organizations that didn't take the move to digital seriously didn't survive, most notably Blockbuster, who famously declined a chance to purchase Netflix. And as we all know, Blockbuster filed for bankruptcy in 2011.

No matter what the industry, being an established organization adapting to the digital revolution is challenging. While new entrants only have an upside to capture, existing organizations not only have “big machines to feed” and existing revenue lines to protect, they can also be entrenched in current ways of doing things. “In any established industry, there is an entrenchment, a status quo and the charitable space is no different,” says Marina Glogovac. “It is being disrupted and charities need to respond and adapt to the move to a digital age. But sadly, the minimum ratio mindset that still drives donors and funders has left charities in a really tough spot. Right now is when they need to invest knowing that giving is going to become online and mobile.”

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### Adaptation not adoption

While crucial for incumbent organizations to respond, and not “stick their heads in the sand”, moving to a digital strategy doesn't mean adopting the same approach as new entrants. “The next generation of charities, organizations like charity:water, Watsi, and others, are a great place to look for inspiration and best practices, but it's important to understand their models can't simply be replicated,” says Jason Shim, Director of Digital Strategy at Pathways to Education Canada. “These charities are being built from the ground up with software engineers on staff. For most charitable organizations, that is a very different way of operating.”

At the same time, Shim agrees that doing nothing is definitely not an option either, as the experience of other industries shows that incumbents that do survive and thrive are those that are willing to adapt before it's too late. And when creating an adaptation strategy, it's important to not simply relegate digital to the margins, but rather to wholeheartedly commit to it as a new way of doing business.

Pathways to Education Canada did just that. Shim has worked with Pathways to Education Canada for the past six years and currently serves as their Director of Digital Strategy. Previously, Pathways to Education Canada had worked with an agency to manage their social media and website, but recognized that digital would play a big role moving forward and so brought the function in house. “The leadership at Pathways to Education Canada understood that this is the way the world is going and made the commitment to be ready,” says Shim. “When I started, the role had a marketing focus, but digital now intersects with many functions within the organization.”

McGill University has also made a significant commitment to migrating their work to the digital space, based on the foresight that this was the way of the future. “McGill's advancement shop is data intensive with an in-depth understanding of our alumni population. We know that 24% of our constituents are young alumni – less than 10 years out of graduation and under age 35 – with a strong preference for digital communications,” says Gabrielle Korn, Managing Director, Alumni Relations and Annual Giving, McGill University Advancement. Armed with that knowledge, McGill invested in a plan to migrate many of their fundraising, alumni relations and communications programs to be “digital first” with now upwards of 10 FTE's working in the digital space.

Gabrielle does go on to say that while they have made this shift to a greater digital focus, it's not a panacea, as fundraising, now more than ever, is a multi-channel undertaking. “While we added numerous digital channels to our annual fund program, we maintained many of the traditional channels in annual giving, including the call (continued on page 5)

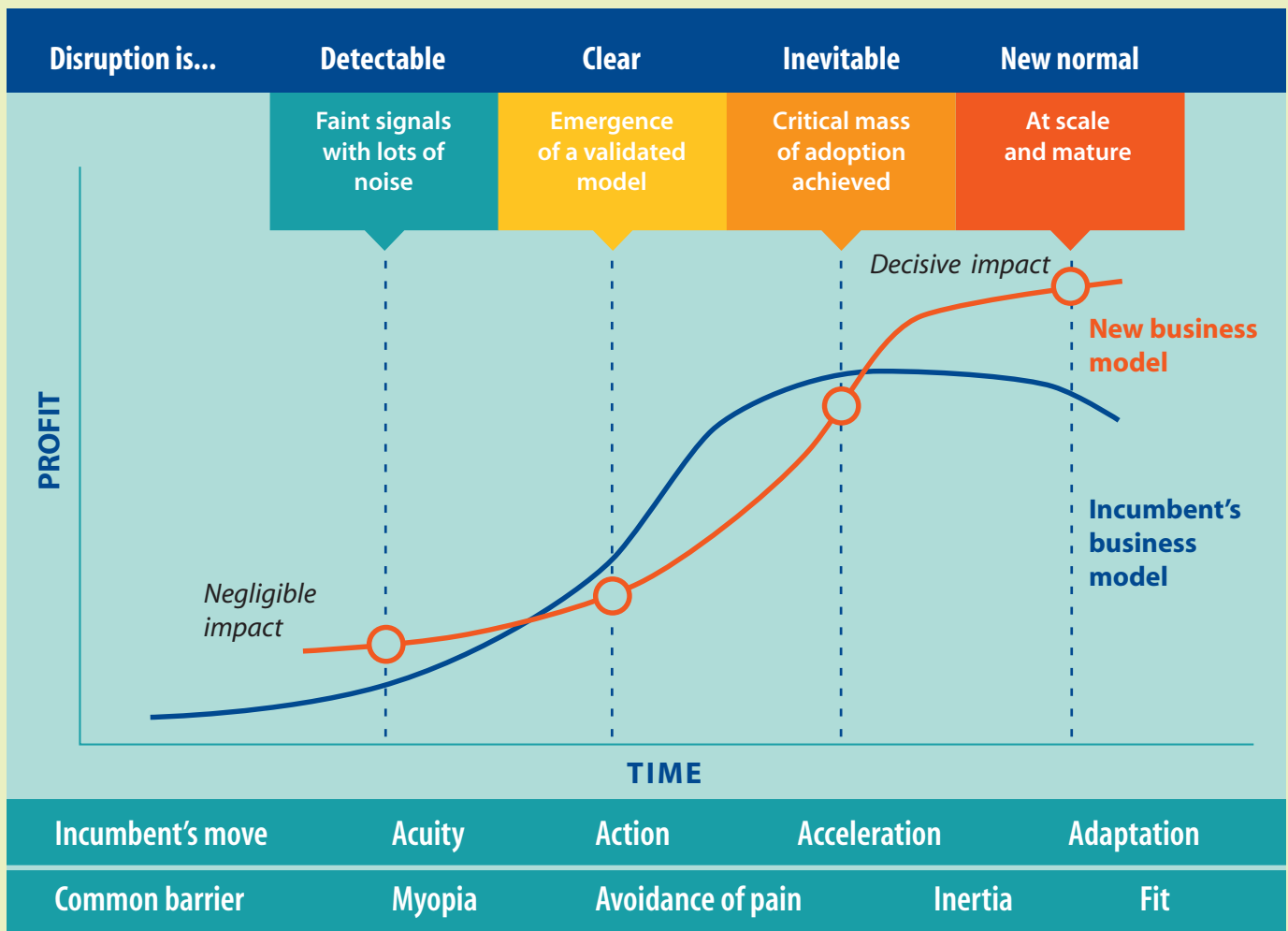
## The Disruption Journey

Digital disruption has been a factor in certain sectors for quite some time – think of music, retail, hospitality and transportation to name just a few. As a result, the charitable sector is able to learn from the experience of those industries as well as to benefit from some of the thinking that has helped to navigate them through their own disruptions.

Take, for example, this highly instructive visual created by global consulting firm, McKinsey and Company, which

helps incumbent organizations (those that already have a strong foothold in the sector) to understand how a disruption affects their business model and practices. It depicts the stages of a disruption (Detectable, Clear, Inevitable and New Normal) and how that disruption gradually becomes the dominant business model over time... while also describing the common barriers that hold incumbents back from reacting (Myopia, Avoidance of pain, Inertia, Fit).

Based on KCI's estimation, the charitable sector is currently straddling the Clear and Inevitable stages of disruption. The good news for incumbent charities is that given our stage in the digital disruption cycle, there most certainly is time to react, adjust and adapt roles and practices to be able to survive and thrive. But, a caution that there is no time to waste, so it's important to also be aware of the barriers associated with these stages (Avoidance and Inertia) and work to overcome them.



Source: McKinsey & Company

centre and direct mail. When it comes to raising money, we are at a moment in time where we need many channels to reach all our different audiences.”

### **Start with know-how**

The experiences of Pathways and McGill are instructive on numerous fronts... including the wise decision to invest in resources who have the knowledge, skills and know-how when it comes to digital, something that Toronto’s Providence Health Care Foundation also did when they embarked on their digital journey.

In 2015, the Foundation was planning for its future. “We had a board retreat and were thinking about what the future looks like, where the opportunities are,” says President and CEO Jennifer Stewart. “We realized that we needed to make an investment in digital and determined that not only did we need to build a platform, we also had to hire someone. The board was fully behind the concept and the minute we had the green light, we went to market.”

In addition to hiring a Digital Strategist right away, Providence also wisely created a committee of 7 e-professionals whose mandate was to advise the staff on how best to move to digital. The committee continues to be active today as Providence evolves their program to the next level.

### **Going digital doesn’t have to be complicated...**

Stewart says transitioning to digital doesn’t have to be overwhelming or complicated and Providence’s first experience with digital fundraising was as simple as a well-timed email that coincided with Giving Tuesday. “We had never asked by email before and that first year we raised \$25,000. We were

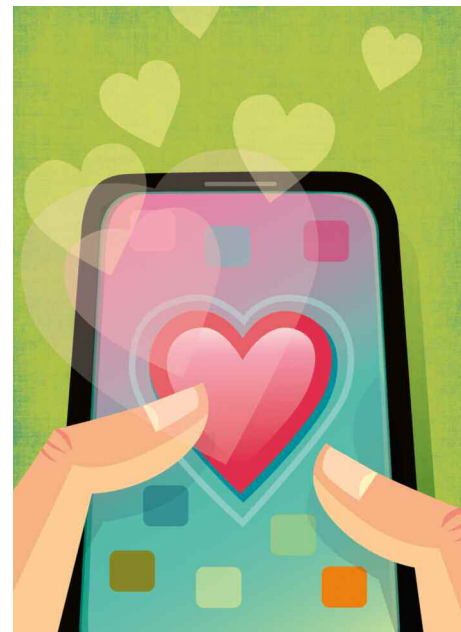
pleased that the campaign didn’t erode much from our direct mail program and this result gave us the courage to add a couple of other e-solicitations. We are now raising upwards of \$100,000 annually through our two to three email campaigns.”

Providence sees peer-to-peer as the biggest opportunity in the digital space going forward and as they have moved into this type of fundraising, they have again taken a “start small” approach. “I created a campaign that was really just a fun experiment for me,” says Hamzah Moin, Providence’s Digital & Social Media Specialist. “At the time, we were raising money for a multi-faith room at the Hospital. So I created a donation page, crafted messaging that highlighted the multi-faith angle of the project and shared via my personal social media. Through that effort, we raised \$12,000.” Even though Providence is a Catholic organization, the campaign’s multi-faith message attracted over 100 gifts from both the Muslim and non-Muslim communities.

Emboldened by that success, Hamzah and Providence undertook a Ramadan Bowl-a-thon this year, a third party event that integrated peer-to-peer fundraising and raised \$16,000. “We had 80 bowlers who had great fun doing it. Some of them even made their own videos, sharing the Providence message with their friends and family. And thanks to their efforts, we raised money from many people who hadn’t had any previous exposure to Providence. We now also have their contact details and so can continue to build relationships with them.”

### **...or costly**

The move to digital also doesn’t have to be costly. In 2015 and armed with a budget of \$200, Jesse Dees, Development



Officer with Collingwood General and Marine Hospital Foundation raised \$12,975 for new wheelchairs through a Facebook campaign that coincided with Giving Tuesday. Not a bad return on investment.”

Jesse credits the campaign’s success on a few things. “I knew we had to increase our number of Facebook followers. So I made growing our social media following a focus in the months leading up to the campaign by posting engaging content on our social media pages.”

In terms of the campaign itself, she believes picking a specific piece of equipment was important, as was building awareness in the days leading up to the ask. “In the weeks before Giving Tuesday, we started trickling out information. We did an interview series with volunteers and hospital staff about why the wheelchairs were important and posted their stories and pictures on social media. And the week prior, we posted a message from the Chief of the Emergency Department who shared her perspective about the difference the new wheelchairs would make.”

On the day itself, they kept their message simple, saying “It’s Giving Tuesday, this is what the Hospital needs and this is how you can help.” She notes that while the general rule for Facebook is to post only once a day, they did three posts – one from a volunteer, one from a staff member and one with an update on

campaign progress, all with an ask and a link to donate.

**Effective Acquisition Channel**

Another success from Collingwood’s campaign was that 60 percent of donations came from new donors. It turns out

their experience is not unusual, with many organizations reporting that online is where they are finding many of their new donors.

BC SPCA is one such organization. With a mature digital program that now accounts for close to 10 percent of their

*Getting your “Data House” in order*

Without good data, it’s virtually impossible to “go digital”, so getting your data house in order is a critical concurrent, or even first step in your efforts to become digitally competent.

Celeste Bannon Waterman, KCI’s Senior Vice President, Research and Analytics, has created the following Data Platform to be used as a guide when thinking about how to assess your data capacity and ensure it is as robust as possible. She suggests there are four levels to that Data Platform - 1/ Data Capture and Coding, 2/ Integration and Data

Structure, 3/ Metrics and Reporting and 4/ Analytics and Advanced Tools.

In terms of assessing where you are, Celeste says to start by having conversations with data users, looking for what she calls pain points. “Take a look at where the challenges are and where people are deciding to do their own thing instead of working through official channels. This is a simple but really effective way to identify where your gaps are and, as a result, where you should focus.”

And while there is a strong tendency to

want to gravitate immediately to Level 4 (Analytics and Advanced Tools), Celeste cautions that time and attention should be paid to the more mundane Levels 1 to 3, as investments in these first three levels will pay dividends. “The more solid you are in the first levels, the more powerful your Level 4 capacity will be. I almost think of it like a house, wherein the strength and integrity of your data overall will be based on how strong and robust the first levels are in your platform.”

For more on getting your data ready for digital, listen to episode 7 of [The Ask](#).

**YOUR DATA PLATFORM**

**TIER 4  
ANALYTICS AND  
ADVANCED TOOLS**

If the elements below are in place, are you harnessing your data to understand your donors? And predict future trends and support? Approaches and tools at this level are tailored based on the question to be answered, and output quality depends on data quality.

**TIER 3  
METRICS AND  
REPORTING**

Do you have solid reporting about your key metrics? Can you monitor donor retention, acquisition, renewal, etc. by channel and program? Do you know who your best and most engaged multi-channel supporters are?

**TIER 2  
INTEGRATION AND  
DATA STRUCTURE**

Is data from various sources (P2P platforms, communications, events, etc.) integrating with your primary database - in a timely way? Does your data structure support basic and advanced reporting?

**TIER 1  
DATA CAPTURE  
AND CODING**

What data do you need? Are you capturing it effectively? Efficiently? Does coding support directional analysis?

approximately \$30 million in annual fundraising revenue, Chief Development Officer Shoni Field says their digital fundraising has two components. “We have the passive income of people who come to our website because they have sought it out for some reason, usually in response to a news story. Then we have the more active programs targeting our existing supporter base - email fundraising in support of a particular campaign, end of year giving, our peer-to-peer campaigns including a calendar contest (where participants have the chance to have their pet featured in next year’s calendar) or medical emergency campaigns, where people can donate to a particular animal’s treatment.”

When it comes to new donor acquisition, they find that 59 percent of all new donors come from online channels, with Facebook being the most effective platform. “Facebook is a great tool in helping to identify new audiences who are similar to our current donors and who may have had contact with us but have never donated. One of our strategies is to run ads and boost posts on Facebook to these audiences, something that we have found to be quite effective.”

Proactive acquisition of email addresses is another strategy and the willingness to invest in that activity is rooted in an understanding of the value an email address has to them. “Based on our experience, we know that a new email is worth \$10.21, so we are willing to invest to acquire it. For instance, we have just run a social media campaign asking people to subscribe to updates and offering them a sticker that they can put on their home that says ‘in case of emergency, there are two dogs and a cat inside’. In other cases, we might ask people to sign a petition. Regardless, we recognize the value of having contact information and so are willing to invest in

*The journey to digital competence requires a commitment from leadership and a sustained investment in people, capabilities, technology and cultural change. And if you or your organization doesn't feel that a focus on digital is a priority, challenge your thinking.*

acquiring it and starting to build a relationship before we make an ask.”

### **Not just about fundraising**

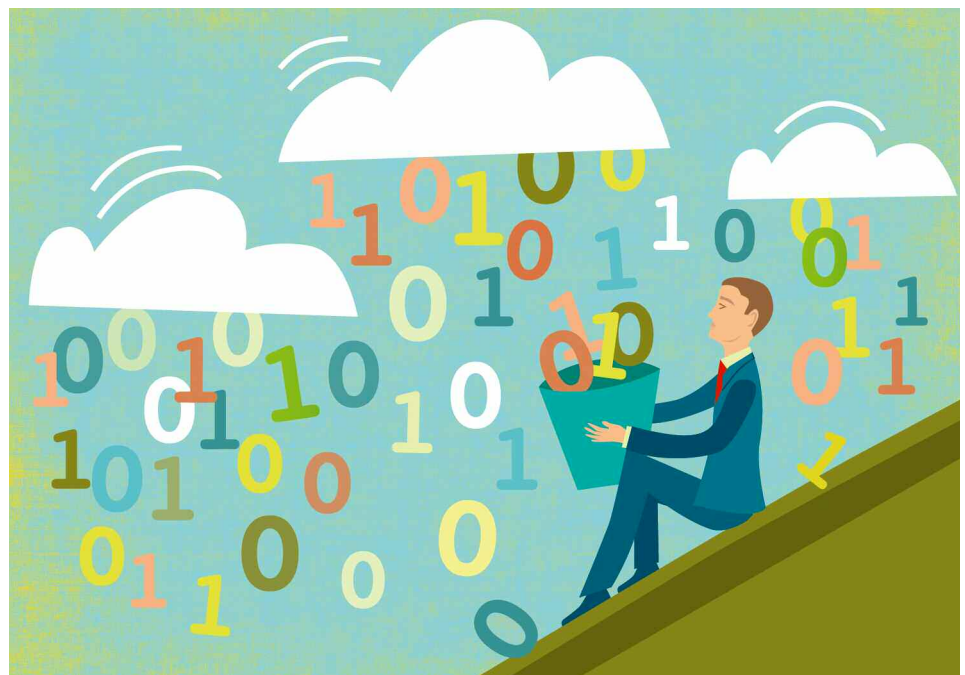
Moving to digital has implications for other functions as well.

For McGill’s advancement department, one of the main ways it has changed their work relates to how they communicate. “When I arrived 10 years ago, we had seven writers and editors who were focused on print and only three focused

on digital. Over time that split has shifted and we now have five people doing digital,” says Derek Cassoff, Managing Director, Communications and Donor Relations, McGill University Advancement.

One concrete example of the shift in programming is McGill’s alumni magazine. “We used to print four times a year. Now we do two print editions and 11 electronic versions, and continuously post new content to our website with the majority of content never actually printed.” Cassoff notes that McGill incorporates digital in almost all of its communications. “For example, we use social media to promote the stories to a wider audience. Everything we now do has to have a strong digital component to reach people via the channels that they most commonly use.”

He also notes that it is much easier in this digital environment to test and measure, which helps ensure their content is hitting the mark. “We used to have little idea how many people were reading the magazine or what they were reading. With the move to digital, we can measure very quickly



## Three components to “Being Digital”

It came up repeatedly in our interviews that successfully “going digital” means not just “doing digital” but “being digital” – meaning that success is dependent on more than just strategies and tactics but on organizational culture and competence as well. As a result, success requires three elements – Strategy, Capacity and Culture.

**1. Strategy** – While it’s not all there is to it, having a cohesive digital strategy is a must. Who are your target audiences? What channels will you implement? What will your messages be? What digital platforms and tools will you use? All of these questions must be answered

in order for you to have success with digital.

**2. Capacity** – In addition to strategy, your organizational capacity and capability to develop, support and execute your strategy must be in place. Capacity means all kinds of things, including the knowledge, skills and technical capabilities of staff, infrastructure like systems, database, website and platforms as well as a means to monitor and assess such as analytics and reporting tools.

**3. Culture** – The final piece is culture. Success in digital means that digital

is valued to the point that it has a “seat at the table” and is integrated into the organization’s core work and business. In addition, there must be a culture of learning, testing and adaptation, where risk is tolerated, smart investment is encouraged and failure is simply seen as a part of the journey.

For more information on how to “be digital,” listen to this month’s episode of *The Ask*, KCI’s monthly podcast. It features an interview with Kevin Pfuhl, Chief Strategy Officer of Rain 43, who talks in depth about what the term “digital” really means, how to set good digital strategy and what that looks like in action.

what people want to read and can respond more quickly to ensure we are offering the content people want to see.”

### First things first...

Everyone we spoke to highlighted that certain underpinnings are required to be successful with digital.

As has already been mentioned, having a social media following and/or email addresses is fundamental. It’s not possible to raise money or build relationships online if you don’t have a way to connect with people. Secondly, it matters less where you bring people from than where you bring people to, so it is crucial to have

a modern, engaging and functional website. Thirdly, it is imperative to have good, clean data, as data is essential to being able to effectively execute digital strategies.

The final piece is a culture that fully embraces digital and creates an environment where the organization is not just “doing” digital but “being” digital. This type of culture requires a mindset that values digital, understands it is fundamental to the future and integrates it fully into the organization. It also means being willing to invest.

Investing doesn’t mean you have to break the bank. Every organization we spoke with uses a “test and scale” approach to

their investments. In the words of Shoni Field, “Anytime we try something new, we use a ‘Test-Fail-Adapt-Succeed-Scale-up’ model. We try to make our failures small and learn from them. So, by the time we’re investing more significantly in a program we know it’s going to work.”

The journey to digital competence requires a commitment from leadership and a sustained investment in people, capabilities, technology and cultural change. And if you or your organization doesn’t feel that a focus on digital is not a priority, challenge your thinking. It’s unlikely that’s the case anymore, but if it is, it’s time to confront that narrative and disrupt any beliefs that may be holding you back. >>

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Aussi disponible en français. Illustrations by Colleen O’Hara.



FORWARD THINKING