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Kerrin: Hello, and welcome to the Untapped Philanthropy podcast. I'm your host and Fluxx co-founder, Kerrin Mitchell. I've spent my career exploring technology's role and amplifying impact within our social sector and, more specifically, helping funders to learn to leverage technology and data to connect and better serve our collective causes, constituents, and communities.

In this podcast series, my team and I will profile social sector leaders, public figures, philanthropists, and industry futurists to explore this fascinating intersection of funding, technology, and policy. We're here to analyze the most critical and formative topics and trends that shape philanthropy today and tomorrow. We hope this series inspires you to think and act through a more collective and visionary lens.

So another thrilling season of untapped philanthropy has come to a close. First, I'd like to thank you all who tuned into this podcast for the last two years. It has been absolutely thrilling to be a part of.

And I hope you have found the many, many voices of incredible change makers to be something that was inspiring as we are all committed to our fight to bring a more democratized philanthropy forward. And I think the idea that all boats rise together is something that has always felt very true to our industry. It's very true to me. It's very true to Fluxx. So, looking into our new year, of course, the industry is changing and as technologists, as podcasters, we can and will change as well. So I've long felt that one of the things that would really be advantageous in this podcast is to bring extra voice and insight from the nonprofit side. So, of course, my background comes from foundations, grantmakers, and government, but I think honestly we need someone to complement this.

So, on that note, I have a very special announcement to share with you that one of my dearest, both in industry and in life, Mr. Tim Sarrantonio will be joining us as a co-host for all the Untapped Philanthropy episodes next season. Tim is someone who you may remember from season one of Untapped Philanthropy. He's the Director of Corporate Brand for Neon One and he brings his voice to Neon's platform for all the fundraising, community-building programs, and operations that enable nonprofits to create truly generous experiences. So I could not be happier to bring in this other voice together in this podcast. It's exactly what we're doing with this hosting. Tim, there are no words to describe this excitement. Hello!

Tim: Hi folks. I hope we haven't lost all of you immediately for this episode.

Kerrin: What's funny is we had a podcast together.

Tim: I think it might have been at Good TechFest.

Kerrin: Well, I mean for those people who did catch your episode, perhaps you can re-intro yourself to the listeners, catch them up on the latest and greatest from Neon One. And tell us why you're excited to join.

Tim: Yeah, I mean kind of what's really thrilling about this is that I've long been a part of the nonprofit sector but in different capacities. So my name's Tim San Antonio again and I'm with a company called Neon One. But that's actually less important for this because it's more about looking into what the average small to mid-size nonprofit especially is experiencing. 97% of the US sector alone is under 5 million in annual revenue. So that's kinda my background. I'm coming from that. I'm living from that. I actually got my start in the nonprofit sector cuz I thought I was going to be an academic. I got two masters degrees in history and post-colonial theory

because that's what you do. You keep going further into debt with less clear direction on why you're doing it.

I applied for two rounds for Ph.D. programs and moved to Chicago because almost everything that I wanted to do was in the middle of a cornfield in the Midwest. So, I thought I was going to be a labor historian and tell the stories of folks doing grassroots strikes and really interesting labor movements that have nothing to do with unions or stuff like that. And it wasn't in the cards folks. That's why you're listening to me on a technology and generosity and philanthropy podcast right now.

Kerrin: Typically, the story I bring is one of economics and finance. So, I'm always talking about it at a different angle. So that's why I'm also so amped that you bring this storytelling perspective. You have such a different perspective. Truly that's where hearts and minds come together and collaborate, which is what we're seeing right now in the industry.

Tim: I think there are only two paths forward and this is why we're doing stuff like this because the path forward is either one where we get our act together or we don't. And trust continues to erode in our sector and people start trusting Amazon to do better at delivering impact than the nonprofit sector. And that's not a world that I want to live in. And I experienced this at my very first job in 2008 as a grant writer. And the morbid thing that I've been hearing is, well you haven't been a fundraiser until you've lived through a recession. And for me, I was hired to write grants to foundations and that's what I was trained to do for my job. And it was hard. It was really hard. The organization had $90,000 in revenue that it made for two staff for the building, for the internet, all of it. 90,000, imagine that.

When technology came into play, that's when I started realizing technology could be useful if it wasn't so damn hard. And I remember downloading a CRM because I read something on the internet. And so I downloaded it.

Kerrin: Agreed.

Tim: And so there are so many people out there where they hear, well you should get a free CRM or you should get something as cheap as possible. And that's what I did. And the reality is that you get what you pay for.

And I know that I've already had a vision of us getting into that topic specifically in the next season. We can revisit how broken CSR is when it comes to technology. But I would say that what I experienced and understood is that you have to put the technology last when you're designing a generosity experience. Neon One helped facilitate over 2 billion in individual gifts. That's our expertise. I could talk about events. So, this is what you're going to get next season — the intersection of everything that you've heard with Kerrin and all her guests slamming into the grind of individual giving. They both end up going to the same pot.

Kerrin: To be myopic, we as a collaborative social sector must create something sustainable. We know technology has a role, but we know that the intersection has to be at the forefront of those conversations. So that's the part that I'm so amped about you being here with us.

Tim: I'm excited too. I've long felt that there are a few walls that we keep running into because if you look at giving USA data there are a lot of great things. But there are a lot of things that are really frustrating. And one of the frustrating components is that when you see the big pie chart and it says 69% of philanthropy is individuals, well it's like, okay, what does that actually mean?

Because you also throw up bequests on that pie chart next to foundations and corporations. And then within that, there's a whole world of weird stuff, donor advice, funds stock, cryptocurrency, all of that is stuff that I have to pay attention to. The data is fascinating to then step back and see what are these trends in terms of how high net worth individuals are thinking about it.

Kerrin: So let's talk about predictions and fundraising experience. What's on your mind right now?

Tim: I always start with the larger benchmarking initiatives the sector has. And this is something that we in individual giving, I think do really well, and that I hope that our foundation friends can pay attention to more. And I know that you're going to help shed light on what I'm missing too.

And that's why I think it's important that we stay inquisitive, and we never assume that we know everything. We just know our stuff though. And so one of the cool things that have been happening is the Fundraising Effectiveness Project, which is an initiative between the Association of Fundraising Professionals, which is the primary professional body of individual fundraising practitioners, and Giving Tuesday's Data Commons. And a lot of times people might hear Giving Tuesday and they think that giving day thing or that thing that destroys my inbox. It's actually a lot more.

So there are data commons where the providers on the CRM side, my company, for example. But we're working on adding others for individual giving. And to look at in a unified way, what are things like donor retention? What is acquisition like? And we bucket it down by mission as well as the revenue size of the organization. So we have monthly insight into what donors are actually doing and whether they're sticking around. There are some vendors out there that only paint a pretty picture. And I don't believe in that. I believe that the data's the data and our job is to interpret it not to put out the rosy picture.

There are certain companies in the space that don't put out a report if it makes them look bad. That's not our job. Our job is to tell what's happening and to help adapt. So what's happening is that retention always sucks. The story generally between the Fundraising Effectiveness Project and then eventually Giving USA is that the number of dollars is up, but beneath the surface, it's a bunch of rich people driving it.

And so retention typically flags very high on the lower levels of giving for entry-level gifts. The hundred dollars even up to $5,000. So the stuff that a foundation is only going to blink at. Maybe they might turn to a micro-grant if it's 5,000 bucks. But for a small nonprofit that could be transformative. And so remember for a $90,000 per year organization a $5,000 gift can be significant. Here's the issue we saw during the pandemic: a lot of people started giving smaller amounts. During the pandemic, things reversed a bit.

Kerrin: Wait, the average came down because more people were giving?

Tim: So the overall bucket has continued to rise no matter what.

Tim: The issue during the pandemic is that the number of individuals started reversing what has been a downward trend that Lilly School [of Philanthropy] and us, for instance, have been paying attention to, which is household giving. The percentage of Americans who give per year has been going down pretty consistently. So, you see this in the form of when I talk about generosity in philanthropy, I kind of see it as time, talent, treasure, and trust. We always talk a

lot about money, but volunteering is down too. What happened during the pandemic is that there was a little bit of a bright spot. More people were giving, but it was short-lived and the numbers are going down again. And not only that, the acquisition numbers are starting to be concerning.

Kerrin: For you, when you look at that as someone that's trying to help bring forward things like Giving Tuesday into other aspects, I mean, where do you see this headed in 2023? What are the active ways that you are trying to address that? I know that's a bit of a holy grail question.

Tim: The holy grail question starts with understanding communications. If you look at generosity as an awareness spectrum down to an accountability as in if somebody applies for a grant they have to find the grant first to even know that the money's there. Same for individual donors. They need to find the donor, or the donor needs to find them. And then everybody focuses all their data collection on the money. But the reality is that we have an immense black spot in our data and ability to understand what is getting somebody to the finish line in the first place. Bank of America did a study and they found that the average high-net-worth individual in particular gives to about five charities per year.

So, they tend to also group giving by causes as opposed to just a bunch of random stuff. If I'm giving to higher ed, for instance, I might typically give to my alumni organization and then maybe other programs. It's kinda like a cluster of giving that people have in their interest. Same with social justice causes; if I give to a bail bond fund then I might start to learn about things like poverty in the area, something like that.

Kerrin: I mean it makes sense. Especially once you recognize the connections to different causes, you want to augment the program policy by extension.

Tim: So, here's why the trend for 2023 in my opinion is at least partially driven by a proper merging of fundraising and marketing operations where good fundraisers will be able to be good marketers as well.

Kerrin: And I think that's actually an interesting one. Because if I were to flip that question to myself and say, well then it's our job on the funder side say, "how do we start to come forward so that the marketing gets ingested and understood so that all the hard work being done is met by an open platform, that gives people access to seeing the great work?" And I think that's something we're seeing in 2023 — there's a race to data commons. And I think everyone on the funder side realizes that they need to make changes that are lasting for the industry. Because if they don't change all their unique requirements none of this can ever happen anyway.

So, we're starting to see things like common grants, applications, data, all that. And I think it's bringing forth the question shared by collaborative governance of, "who owns the data"? Where does it go? And that has been a freaking nightmare. Because they're doing all the right things, and then one person comes in with a different strategy and wonderful foundations will share their org data but not their grant data. So, it's just so many different versions of the same thing. And it's grounding people back to that collaborative idea that something is better than nothing. Do not fight for perfection right now.

This is change management that would take years to get through, and we're trying to shove it into a couple of months. So, 2023 has some element of system interconnectivity and other things that are needed to bring platforms forward.

When you talk about high-impact people, not necessarily the name-brand nonprofits, but the ones that are actually boots on the street doing the work, we must give them a way to share their good work in a way that's digestible by the masses. And put them in touch with funders, not just individual donors who are absolutely critical, but getting them the bigger checks that I think help with that capacity building and all the things.

Tim: So, here's the ideal state that could happen when a small nonprofit could approach data commons and reporting, and foundations inadvertently can have a downstream impact here. Because we all know that most of this stuff isn't intentional, but happenstance.

Somebody's going to figure out a workaround that is really good. And so here's what I think would be interesting. If a nonprofit approaches its revenue planning and puts proper prioritization into understanding the role of overall service fees and program operations revenue that might come through ticket sales, tuition, that type of bucket, that's that. That's your mission. But a bunch of nonprofits don't. They fully rely on donations.

This is how I think about it. If I go for a grant, what it does is helps hone in the ideal state when I'm writing my letter of intent all the way to doing reporting on it, however often I have to do it. It helps hone the story of the narrative that I'm trying to tell and it focuses on the value statements that I should be highlighting to make it stand out because that's why you're trying to apply for a grant.

What ideally is happening is that you're driving toward the things that are impactful, really helping your community, and really opening up the conversation. And it's exciting your staff, it's exciting you, and it's exciting the participants because it's working. What happens is that in an ideal state we start to see a little bit of impact storytelling. It's kind of like what Dan Lammot is doing with Threshold World.

Impact stories are what individual donors love. When you actually can articulate the results of your grant as an example, think about how you can repurpose that into a much simpler report back to your individual donors. That's marketing. What you're doing is repurposing some of the data points and philanthropic psychology. And yes, I have a certificate in it folks.

Kerrin: You have so many letters you have after your name. My goodness.

Tim: I don't think that's a lettered one, but it's something I got to put on my LinkedIn profile.

Tim: That was from Professor Jen Chang at the Institute for Sustainable Philanthropy in the UK. She'd be a good guest by the way. We can try to get there.

Understanding donor psychology helps with the grant writing process because ultimately you're still writing to people. We haven't gotten to the machines analyzing every grant application yet. The matrix hasn't taken over there yet.

Kerrin: Yes, so much from when we started Fluxx 14 years ago still holds true. I mean thank goodness I had saved everything in abundance. Having a technology platform where you only have to submit once for funders or individual donors is a really interesting concept.

Tim: I have a question for you. Are you worried about things like that chatbot thing that came out?

Kerrin: Oh, I was playing with it this weekend.

Tim: I used it because I'm actually writing a one-man play based on a Christmas Carol. It's a Fundraiser's Carol, I'm going to have that thing write the script. But are you worried or do you think there's potential? Because I started seeing this crop up in academia too.

Kerrin: ChatGPT right?

Tim: Yeah, that tool from OpenAI, do you think that people are going to use it to attempt to write grant applications?

Kerrin: I think they're going to use it for that. There are college students who will write papers. My partner who is also in technology was like, check this out. And he wrote a grants management website for fundraisers and it wrote all the website copy just as well if not better than what I could write. It's not interesting enough and it's not unique enough. But it gives you a good starting point. Structured ways to look at your work. It's going to change marketing for sure.

Tim: Well, one of our friends and partners over here did something interesting where he actually wrote a copywriting artificial intelligence tool during the pandemic. He basically watched everything on Netflix. He watched everything on Netflix and then got bored and decided to solve the white page problem. And the white page problem is you're staring at that word doc. The thing is blinking in the corner, there's nothing on the screen and you're like, where do I start? And what this does is help prime the pump of creativity. For example, press releases.

That's an easy thing for AI because they all have the same flow. And so I think savvy fundraisers and practitioners are going to use that type of stuff. And the really savvy vendors are going to build it in a way that's natural and not weird. In October next year we're going to do a symposium with an ethics institute and we're going to talk about artificial intelligence and philanthropic data actually. So I think that's going to be a really good topic because I think there's a lot of things to worry about, but there's a lot of opportunity too.

Kerrin: I mean it's one of those trends that's coming at us. You can scream to the high heavens that this thing has taken away creativity, but the reality is it's happening, it's available, it's open source. There is a reason why it has a wait list. It's very compelling. But to your point, how do we manage it? It will help people work through their content and take administrative burden away so they actually can stick to the programming side of their work.

Tim: I think that touches on a key value point. Whenever folks talk about AI right now it's always framed in the 3% content problem, which is that 3% of nonprofits that are above 5 million in revenue. And there's nothing wrong with that. They obviously drive a lot of great work and I know there are a lot of foundations that want to make sure that they're driving an impact.

And there are many people who don't understand the nuances of nonprofits like you, and I do, and everybody who's listening to this. These people might think, well it's all digital, and they're actually designed for 3% of nonprofits who can actually handle that stuff. And whereas the other 97% are like, what do you mean artificial intelligence? I can barely get my board to pay attention to me.

But it doesn't matter what size nonprofit you are, this is going to save you time and actually allow you to open up a new world of opportunity if you leverage artificial intelligence to streamline your work.

Also, the subject lines from sample ChatGPT emails were so obvious, clearly, we're all saying pretty much the same thing, and we need to differentiate. If you look at the pecking order of where the cool innovations are coming from, individual nonprofits are last. You have the military; then you have the consumer world, and the business-to-consumer world. Every cool thing that you see; drones delivering packages, robots talking to you — all of that stuff is designed to sell people crap and it's not designed to help. And it's not even necessarily designed for business to business, which then comes next. And then everybody thinks business-to-business stuff is so boring that all the good marketers are trying to work for consumer companies. So, what has happened is that the innovations follow the money.

The money's obviously in military stuff at the very top. After that it's like, what's going to get people to buy stuff? And then the nonprofits come at the end.

Kerrin: Well, it's downstream, gaps have been filled in the wrong sector can't necessarily fill gaps that are coming for others. Operational projects are great and can save millions of hours, fantastic. But at the same time, the real innovation tends to be in Africa or something, but it's difficult to get past the foundational elements of what it takes to run an organization. Because for example, I'm on a board here in Hawaii, and a member of our org here is on unemployment half the time because we can't pay her, and it's absolutely insane. So how do you ever come forward and say, take a look at this?

Basically, many nonprofits didn't make it through the pandemic but she made it through. And that's a sign of resilience, of course. But to your point, are there ways where we look at that and say, well where does innovation take place and how do we make it accessible? And part of it is starting to look at changes that can be made and taking away some of the hurdles. Things like Fix The Form.

We now have countless nonprofits that have offered insights on how to streamline their forms for better efficiency. Because software is behaving better. And part of it is just changing the mindset of people. And one of the things you mentioned way earlier was McKenzie Scott and some of the stuff that's going on obviously with trust-based philanthropy. That act of embracing more funders moving towards unrestricted funding transparency and less administration can actually help too.

So, in addition to AI and the large innovations, it's also just a shift in change management and getting people to think differently about how to give. There's no legal reason that everyone makes this so freaking hard. They have chosen to do that. I think McKenzie is on the other side of it. There's technology, then there is process and mindsets that need to be changed. And I'm curious to get your take on what you think about that whole process shift?

Tim: Yeah that's a thing we've been joking about for years: can you put me in touch with Oprah?

All this is the same idea: let's go to a rich person and ask them for money. And that's a misunderstanding of what true community building is because when you are building a

community it comes down to trust. This is an interesting element in the evolution of trust-based philanthropy. It applies to the individual giving side too. Ultimately the Edelman Trust Barometer rates nonprofits below for-profit businesses in terms of what people trust. It's hard because you're either hearing about financial mismanagement or a misunderstanding of the overhead ratio. You're not killing the children if you pay somebody a living wage.

Kerrin: I agree.

Tim: And a lot of misunderstanding. Anecdotally I started noticing a few of the more conversations on social media apps, specifically Twitter and TikTok. Are you on TikTok?

Kerrin: I'm not. I've got Instagram and I've got Twitter.

Tim: Well I am on TikTok at Tim Neon One and all I do is post typically a dumb tech tip.

Well, here's the thing that I started noticing. Weird topics would drive the algorithm, and the comments would basically be, "charities should not exist." Like effective altruism stuff in many ways.

And my hope is we don't even have to talk about it because it's dead. A former executive at my company handed me a book about it and I don't normally throw books in the trash, but I put it down pretty quickly. Let's just say that.

So what's interesting there is that donors want to trust the nonprofit. And so you hear things about where to put the money, what to do with it. And then there's been conflicting research on the impact of a Mackenzie Scott gift itself. Some people found that it was an inhibitor to giving. Nathan Shek in his book the Generosity Crisis was talking about some of the data that they found and said people who got Mackenzie Scott gifts donors were pleased.

And then the Center for Effective Philanthropy found the opposite.

Kerrin: I thought there was no negative side. They were saying there are opportunities to learn. It's putting emotion, unrestricted funding, and transparency, all the things. And it looks like it's a good gig if you can get it.

Tim: And it comes down to positioning. Because ultimately, if your organization has created a culture of philanthropy where big gifts help inspire small gifts as opposed to inhibiting them, and your culture of philanthropy is welcoming to small donors, and they aren't treated as less of a priority, then it doesn't matter if it's a Mackenzie Scott situation or your local car dealership or the Community Foundation or the Ford Foundation. It doesn't matter when you get a transformational gift; it should inspire, not be an inhibitor to give.

Kerrin: It should be something that shows that not only do we have the capacity but our values align as well.

Tim: It's social proof.

Kerrin: And that's another thing too that I think we're looking at with these trends. There are conversations afoot at the funder side. Examples like MacArthur pre-vetting and sharing their compliance work. We have the ability to manage due diligence and can confirm that you should also give.

Meanwhile, when people talk about common data standards, part of it is as simple as compliance, social proof, and actual concrete proof that brings forward structures that make it easier for more people to give. I think that the idea of governance structures goes beyond just the data but actually goes into processes like compliance and proof elements that I think often have been missed.

Tim: When I think of the generosity experience, it's not just awareness, but it goes through three stages. I found an organization, I'm interested in them, I'm actually going to act, and then I'm getting reported back to see that they're using the money and being in the vision that I thought the gift was being used for.

And so that end-to-end understanding of the donor's journey is applicable to any type of revenue stream that you can do. And you need to prioritize appropriately. You should not be rushing after small little things that are not going to add up. And that's not saying don't go after small individual donors. You just have to view them as a group, and you have to be able to market and engage them in a one-to-many situation.

That is more than possible with technology at this point. It's when people start to say we should do this through Amazon Smile that's a problem. That's just adding another unnecessary third party to the relationship. That is where people get distracted. They chase after things that they heard about or are marketed to them as opposed to the things that are actually going to drive the real impact.

Kerrin: Let's summarize these trends. We talked about communications and marketing, the use of information tools in the form of things like AI chatbots that help to bring content forward and even just general marketing platforms Neon One and others that assist with this work.

Tim: When you get down and down to it, I'd maybe break those into two separate trends because they influence different things. But yeah.

Kerrin: We discussed this overarching theme of data commons and transparency. So keep your eyes on common data apps, philanthropic data commons, Giving Tuesday, all the tools. Data commons is the second trend. The third is just that interoperability. It's the ability to pass information, so you do not have to push things through again from one system to the next, but leverage APIs that are starting to work together.

Fluxx and Neon One are not competitors. We're complementary. Nonprofits should be able to apply through smart, simple processes, regardless of the platform, and be able to have their administrative burden eased.

So I think that is the other trend I might call out: working together to solve that burden.

Tim: Just to paint a picture of where this could go, folks, if we're writing the obituary of the sector because we've solved every single problem. What does that look like?

Kerrin: All of the public gaps have been filled and the utopia has been achieved.

Tim: Where I want to see on my end is a pipeline of energy and financial support coming from individual donors. I have a digital wallet for giving and an audit of all the different things I've already given to. Let's say it's Giving Tuesday, I'll be notified of ways I can participate. And the notifications are tailored to me.

But the real trick with data commons and AI is that we've actually centered and understood the agency of the individual organization or the individual donor and they can withdraw consent at any time.

They could say, I do not want my information to be used for marketing purposes or things like that. We have to take that into account. What happens to my application if I don't get accepted? Are you using my information to model that nonprofits don't get money?

There are agency questions that we need to address here. I'm not talking metaverse crap; I'm talking about tapping your card, a nice display is lit up and you see that they've moved the Salvation Army red buckets into the digital world, but then you're welcomed with a personalized email series tailored to you. That's the type of stuff that's possible if we put our mind to it and actually embrace that our sector deserves its own types of innovations.

Kerrin: Makes sense to me. So let's wrap up here. Of all the things we just went through, what do you have for our listeners before you see them again in the new year as our new co-host party works for 2022? What would you like to convey to the folks?

Tim: There is light. And the only way we're going to actually lift ourselves up is to be there and to know that we're all in this together. We have to understand that historical inequities don't disappear overnight, especially for us in the U.S. We're very fickle people who want to put our heads in the sand when a problem comes up. The reality is that we've shown time and time again that when we work together, we're going to be stronger.

And we've done that a lot. It's a lot easier to go back into the comfort of individualism. But that's not where true change happens, and that's not who we are. And it's not even an American thing. I'm kind of getting tired of American exceptionalism. The British have a whole thing here too, as an example. So there are a lot of things that just show that people whether American or Canadian, et cetera, are generous at their core. It's in our DNA.

Kerrin: I love that. And I feel the same way. When I think of 2022, I think of transformational events like COVID, BLM, gun violence, and different political cycles. All these have changed the way we show up for each other. And I think some of my biggest fears is that the divisiveness of those things can put us in positions where we forget to find that common denominator. And I think the role of community has never been more important. The role of sharing is more important. We have to be able to have this conversation and call each other out on our silly specific things that we may not see.

And I think that's something that we must connect to ourselves, especially in the social sector. I say it every time. This is a collaborative economy. We all get better together; we all benefit together. Our technology must reflect that. I'm excited to see some of these things happen. And most importantly, Tim I'm so excited to have you co-lead this next chapter with me.

Tim: Thank you. We have a lot of good ideas, folks. I'm very crowdsourced. I already talked to your producer and she's game. Let's see. And so we're going to have some fun but I love hearing about what you want to tackle.

Kerrin: Have a very happy holiday, sending your love, peace, and comfort over the coming weeks and we look forward to seeing you in 2023.