

## **Fiducient Advisors, Nonprofit Investment Stewards Podcast**

*Episode 16, April 7, 2021*

### **The State of Nonprofit Fundraising and How to Remain Relevant – with Amy Schiffman**

[00:00:00] Welcome to Nonprofit Investment Stewards with Bob DiMeo and Devon Francis from Fiducient Advisors. Bob and Devon are passionate about helping nonprofit organizations prosper. Whether you oversee endowment, foundation or retirement plan investments, this podcast exists to help stewards improve performance, reduce costs, and discover strategies that enable your charitable organization to prosper and advance its mission. Now, on to the show.

Hello and welcome back to the NonProfit Investment Stewards podcast. I'm Bob DiMeo. As always, joined by co-host Devon Francis. Today's topic is top of mind for many nonprofit leaders, especially those on the finance side of things. It can take on many different names, fundraising, development, advancement, but regardless of what it's called, the goal is always consistent.

[00:00:56] How can a nonprofit obtain the necessary funds [00:01:00] in order to sustain and advance its mission? We've got a true expert on the topic today, but before that, Devon, how is your day going? Fabulous. Thank you for asking. I am super excited to learn from our guest. Her name is Amy Schiffman. She is president and CEO of Evolve Giving Group.

[00:01:19] Amy has more than 25 years' experience in the nonprofit world. And in addition to helping leaders position their organizations for a strong future via Evolve, Amy herself is a seasoned volunteer board member and a community activist as well. She has published a great deal on the subject. And she's a frequent presenter at local and national programs.

[00:01:41] So Amy, we heartily welcome you to the show. Thank you. Thanks for having me, excited to be here. Amy, it's so good to have you on the show. And before we jumped into things, can you share with us just how you ended up in this field and how does Evolve work with and [00:02:00] help nonprofit and charitable organizations?

[00:02:03] I, like many others, feel like I may have ended up here accidentally. I went to graduate school with a grant from the Council of Jewish Federations, and they were looking to recruit fundraising professionals, young fundraising professionals to come into the Federation system. And I was looking for a master's in social work.

I ended up at an independent high school just before consulting. I was director of development and communications for five years.

[00:03:45] And at that time, I was starting a family. I was sort of worried like all young mothers are and fathers, I think about balancing career and family and naively imagined [00:04:00] that consulting, taking this opportunity to maybe instead of referring out all of the different requests that I would get, and my soon to be business partner was receiving for grant writing, for capital campaign planning, for event planning, we'd get lots of these requests and we would refer them out.

[00:04:21] And eventually we thought to ourselves, I wonder what would happen if we started our own business and attacked those opportunities on our own. And that's what we did. And the naive part was that we imagined that we could each have these very flexible schedules that I could work 30 hours a week and she could work 20 hours a week.

[00:04:44] And it would be this amazing opportunity to be great in the mom role and great in the nonprofit fundraising consultant role.

As you grow your own business, you really do what it takes to build and grow. And we started with just the two of us in 2008 and in 2020, when we were wrapping up our work at Giving Tree I launched Evolve. We grew fairly rapidly over 12 years and just discovered this gap in the marketplace for small to midsize nonprofits who were really looking for a fundraising partner and counsel and collaboration.

[00:05:46] And again, it was sort of feels like we stumbled on it. It's interesting that we began that work with Giving Tree in 2008 during this economic downturn of the past. And that we [00:06:00] launched Evolve in June of 2020. And we don't have to say a lot about what was going on in June of 2020. Both of those times seem like inopportune times to start your own business.

[00:06:11] When in fact, it's been a really interesting, productive time for us both then and now in terms of non-profits in the marketplace, really looking for partners and getting creative about how they ensure long-term sustainability and viability. Amy, thanks for touching on, pun only partially intended, the evolution of your career and then have of Evolve.

[00:06:36] That's really helpful. And I can just say, as a fellow working mother, um, I sympathize with your desire to achieve that work-life balance and fall short of it every day. So, Amy, we are, you know, as you mentioned, you, you started Evolve in summer of 2020. We are starting to think about emerging from the [00:07:00] pandemic, not quite there yet.

[00:07:01] Uh, but what unique fundraising challenges do nonprofits face in the current environment? And do you have any insight as to how they can navigate those challenges? Yes. I think the most obvious challenge is that we cannot meet. In general, depending on where you live, but in general, we cannot meet face to face with donors.

[00:07:23] So that is the big, for people who work in major gift development, on the, I sort of separate fundraising work into the transactional side of fundraising, where you're making a gift to a website, to a pledge card, to anything that doesn't require a relationship and a one-on-one conversation. And the relationship-based side of fundraising.

[00:07:45] And that's what a lot of my directors of development, CEOs, executive directors, even board members, are focused on that, the relationship-based fundraising arena. And that is what is [00:08:00] challenging right now is that what we teach both clients and webinar participants is that we really want to work on building a relationship.

[00:08:08] And as much time as we can spend with a donor or with a donor prospect face to face, getting to know them, making eye contact, being able to, to take in facial expressions, that that is all part of what good relationship building is. And when you take that away because we cannot meet face to face, we're all faced with a new set of challenges.

[00:08:31] What do we do about that? Do we give up on fundraising? Do we just press pause indefinitely on our campaigns? We do not. We have had to adapt. And one of the things that we talk a lot about is how to develop those relationships within a pandemic environment and what we've all found, I think not just in the fundraising world, is that people have adapted to this new environment and are maybe even more [00:09:00] present, more available for meetings to talk about.

[00:09:04] In this case, the nonprofit mission, your goals, your new strategic plan, your strategies to overcome long and short-term obstacles and challenges. That is what we're doing is just talking about how we can use technology to further these relationships, just like Zoom and phone calls.

[00:09:27] And sort of going back to the basics, which is just thinking about what we can do to stay in touch with people. Just, just like we would, if we had a donor that was out of town, that we couldn't see all the time, maybe we fly once in a while to meet with that person. But we're challenged with needing to develop a relationship that is not based on coffees and lunches that are frequent.

[00:09:50] We have, I think, gotten better as a field at determining how we can reach out and not assuming we know the answer to the question before we [00:10:00] even ask it. That's really what, what we are suggesting to our clients and advocating for is that we are really wanting to push, sometimes board members and professionals, outside of their comfort zones where people think, Oh, I couldn't possibly solicit a major gift via Zoom.

[00:10:20] You absolutely can. You absolutely should. But you have to have done your homework beforehand, there is still relationship development to be done. We can't skip right to the Zoom solicitation for that \$50,000 gift. We really need to build up for it just like we did in non-pandemic times. Amy, talk a little bit about tying the mission to fund raising or capital campaigns.

[00:10:46] What have you, including maybe some good examples and maybe some poor examples. Yeah, I think that the poor example, I'll start with the poor, the challenging. [00:11:00] I think that, we all feel an understandably so in the non-profit world right now, we all feel a little panicked. We feel rushed, especially those of us in the nonprofit world, dealing with a June 30th fiscal year end.

[00:11:17] There are a lot of fiscal year ends on people's mind right now. And there's a number that we want to get to. We as, as development professionals, as volunteers, are really forced to think short-term more than we want to think short-term, I always, I was a director of development myself. And so, when I talked to my clients, I always say, I feel your pain because you have this June 30th date, this threshold for making your annual campaign number booming.

[00:11:45]. And yet at the same time, you have this coach in your ear or consultant in your ear, telling you to focus on the long-term relationship. So, I think sometimes we sacrifice the long, what's good for the long-term relationship, which really might [00:12:00] be a transformational gift, a really wonderful opportunity to build a relationship over the long-term because we feel like we have to make our year-end number.

[00:12:08] And when I see organizations who really feel forced to do that, or professionals were pressured to do that by their supervisors or by their boards, and sort of sacrifice what we know is maybe not the best timing just to get on that call, ask for that gift before we know it's time or make the relationship transactional when it should be relationship-based.

[00:12:33] Someone who's been giving to us for years and years and years and suddenly we send them a pledge form for a legacy gift or an endowment opportunity before we've ever nurtured that relationship, because we want to get a letter of intent in by a certain date. That's the poor fundraising and it's, it doesn't come out of the right intentions.

[00:12:53] I think everyone's intention is, is to try and do this the right way, but at the end of the day, [00:13:00] almost every organization we work with is working with an annual campaign deadline, a

number that they have to meet to satisfy their budget. And sometimes it, it influences us to do things in a way that is not ideal.

[00:13:14] What is ideal? Let's go to the other side of the equation. Now, what I'm seeing that is positive is that, you know, we back up several months at the beginning of this pandemic, everyone pressed pause. There were lots of webinars and blogs being written about whether it was okay to, appropriate to fundraise, to ask for major gifts during this time.

[00:13:36] And what we said to our clients during those first three months or so was. Yes, let's just sort of do a listening tour with your major donors. Let's do these check-in phone calls. Let's work on the relationship. People are in shock right now. They haven't yet adapted, but, three to four months later, people did adapt and it was time to begin [00:14:00] reframing the case for support, thinking about, okay, what do we need now?

[00:14:03] What does our strategy look like now? What are we dealing with that we never dealt with before? So many of our schools went to virtual learning. That was an opportunity to go to donors and talk about how we've reframed the education that we offer. We work with a mental health non-profit that moved all of its services online, to virtual, and from sort of struggling to keep every therapist busy pre-pandemic.

[00:14:32] They had this long wait list post-pandemic, and one of them went to one of their major donors. And for them, a major donor was 10,000, 25,000 and just continued on almost like a weekly basis. The CEO was checking in with this major donor to just update her on what was going on. And finally, the donor said, what can I do for you?

[00:14:54] And she took the opportunity. She had done everything right. She had done the homework and finally she said, you know what? I [00:15:00] really need a significant gift in order to be able to ensure that we can provide all of these services that people are asking for right now, because the world is anxious and she achieved \$150,000 gift from this donor.

[00:15:13] It was the largest gift she had ever solicited, but the cultivation process was beautifully executed. She really did a lot of listening to what the donor was hoping to achieve with her philanthropy. And she was not afraid to ask when the time was right. So that, that's one of the examples I love to hold up where this executive director really stepped up to the plate and asked for what she needed and she got it.

[00:15:40] The long game paying off. Yeah. So, Amy, as, as I think, you know, Bob and I, and the firm broadly work with a lot of endowment clients. Yeah. We also, in addition to advising our endowment clients, both Bob and I sit on non-profit boards. And [00:16:00] one of the things that we hear so frequently is how difficult it is to raise money for an endowment.

[00:16:08] No one wants to give to an endowment. Why is it so challenging and how can institutions better face this challenge and overcome the reluctance of donors to give to an endowment? Yes. I love that question because we talk, we talk about this almost every day at Evolve. And so, I want to say two things. One is, I don't think donors really dislike endowment.

[00:16:32] I think they don't understand it. So, our first challenge is that we, to do more education. So, if the, if the response that we sometimes get when we're doing a capital campaign or an endowment

campaign, is I want to put my dollars to work for, for the program today. And that capital is bricks and mortar, and I don't do that.

[00:16:51] And maybe that's understandable, but endowment can, and absolutely does typically affect day-to-day operations and donors [00:17:00] don't understand that. So, we have to do a better job educating our donors about opportunities to both impact day to day operations, programs and services and help us create a sustainable future.

[00:17:13] So, number one, I'm not sure we're doing the greatest job talking about what this is, because when someone says, I don't do endowment, I always think to myself, I don't think they get it. And I understand why they don't get it because it took me years to really understand what it meant. Number two is that I don't think it's that hard to raise endowment dollars once the donor community understands what it is.

[00:17:34] I think we don't ask for them enough. I think the problem is on the asking end, because when I speak to my clients who give me the same response that you get about the responses or the replies that they get, I always say, are you getting a lot of NOs? Well, no, actually we're not getting nos. We're just, we're, we're not able to get the conversations going.

[00:17:56] So I think it isn't that people are saying no, [00:18:00] it's that they're not being asked. They're not being, I go back to what I said three minutes ago about proper stewardship. If we're asking our donors, especially our long-time donors, which makes a great endowment prospect, what do you want to achieve for this, for, with your philanthropy?

[00:18:18] And if we are imparting to them, onto them, what it is our vision for the future is. What makes what we do really critical for the community's future, for the world's future, whatever it is? If we can share that long-term vision with them, and we understand what their goals are for their philanthropy, it's true that a \$25 donor may not have thought long and hard about what they want to achieve with their philanthropy.

[00:18:44] But if you're at the point where you're asking for a hundred-thousand-dollar endowment gift, it's like, or a percentage of someone's estate in the form of a legacy gift, it's pretty likely that this person has thought about what they want to achieve in the world with their [00:19:00] philanthropy.

[00:19:00] They may have some goals. And if we can't articulate them, we're not ready for the ask. So, I think it's that we've got to do more education and outreach about what the endowment means for us and how it works. And number two is we have to be bolder about the ask. We have to have these kinds of conversations, talk to our donors about what our future plans are, what our future vision is, and then offer an opportunity for them to partner with us.

[00:19:27] You want to do this with your philanthropy? We want to, we want the same things for this world. And we provide programs and services that allow that to happen. We are excellent partners. And will you be our partner in effecting the change that you want to see in the world? That's an exciting conversation, not one that is, makes board members nervous, that makes people not want to have the conversation.

[00:19:51] So I look at it as an opportunity to ask for an, the organization's partners to meet that challenge [00:20:00] together rather than something that makes us uncomfortable and nervous. It's all about perspective, I guess. And you know, I think it's exciting for Bob and I to hear you say that it's

not that donors don't like giving to endowments is that they don't understand it because then that means there's an opportunity there.

[00:20:17] There is an opportunity to educate, to get them on board and, you know, fully realize that an endowment gift is the gift that keeps on giving because it spins off that spending policy every year. That's right. And what they assume is that when they don't understand it, is that you mean to put those dollars away in a reserve, that that's just your rainy-day fund and that it doesn't, you know, and I want to attack the problem today.

[00:20:43] So when I dig into, when someone says to me, Oh, I don't support endowment. And I asked them why, you quickly get to the crux of the issue, the challenge, or the misunderstanding, and you have an opportunity to clear it up. Yeah, absolutely. And, you know, I think you're right that, [00:21:00] that institutions need to be working with their partners.

[00:21:02] So I know that we as consultants, one of our primary roles as that of an educator, and if a client ever comes to us and says, can you talk to this donor? Can you talk to our development department? Can you inform us as to what the endowment means? What the objective is? We are happy to do that and I'm sure any consultant would be happy to do that.

[00:21:27] So I really do think that using those resources can go a long way in building up that foundational knowledge. I think that's true. And I think the number one reason that, and I've done a lot of coaching in the, in endowment programs. The number one reason why directors of development are not comfortable talking about endowment or legacy giving is that they're nervous about being able to talk about the giving vehicles.

[00:21:54] And I try to remind them that there are people like you out [00:22:00] there who can do that for them, that that's not their role, that we can only take them as fundraisers so far. And you're not giving legal advice. You're not giving financial advice. You don't have to understand what a charitable remainder trust is.

[00:22:12] You just have to get the donor to the point that they're interested in the conversation. And then we turn to people like you, who can have those conversations and who can partner with us and our donors to take that next step. Amy, continuing down the path of the relationship with the donor, how interested are donors in the stewardship of their contributions?

[00:22:32] Or maybe put another way. Do donors want to know how the endowment or the foundation is being invested and managed? They do. I think what we're finding about, and there's some generational differences here. I think what we're finding out about the, the millennial generation, there's many, many, many dozens of articles that talk about the millennial donor and that they like to follow their dollar.

[00:22:58] I think that the [00:23:00] generation before them, and certainly, you know, if I think about my parents' generation. That was a generation that was very comfortable with this federated giving style that I will give to you and you will distribute as needed. And I think that's not as true of the, let's say 35 to 60. I know that's a wide span, but I'm, I'm trying to generalize something that's difficult to do that.

[00:23:26] I think that there are many people out there that now more than ever, especially because we have tools like GuideStar, Charity Navigator opportunities to sort of take a look at what is best

practice in terms of transparency, how much information are organizations sharing with their donors and that that's what donors want.

[00:23:45] And if you won't provide that to them, someone else will, someone else will be totally transparent about how the dollars are working. I think we have to be careful. There's a, there's a fine line there that when someone makes an endowed gift or any kind of a gift, they no longer [00:24:00] retain the right after that gift is made to direct sort of every piece of the puzzle, but they do deserve, and they should want to stay invested in what they're, what we call gift impact.

[00:24:14] What did that gift allow to happen? What is the change that was made in the world, in the community as a result of that gift? And if we want to achieve another gift. So, stewardship is really the process by which we engender donor loyalty, as opposed to cultivation, which is the process by which we turn a non-donor into a donor.

[00:24:33] So when we're thinking about how we treat a current donor, we really want to treat them as a partner and we want to be as transparent as possible. And we want to be proactive and forthright with information about how the organization is doing. Even if that news is not great news. I mean it, right, in this day and age, there might be some, some news to share that is not wonderful about facilities, not being able to open about programs being canceled.

[00:25:00] [00:25:00] Our books may not look fantastic, but that said, I think, including the donor and, and talking to them about those challenges increases our chances of achieving that next gift. Yeah. I mean, it goes back to your previous comment about cultivating the relationship and showing these donors the respect that they deserve.

[00:25:22] They don't want to be looked at as just a cash cow. They want to be kept in the know kind of every step of the way, like you said, regardless of if it's good news or bad news. That's right. You know, as we think about kind of wrapping up the conversation, I'll, I'll leave you with maybe two questions and you can answer either one or both, or we, you know, whichever direction you want to go.

[00:25:43] And one is thinking about the, the ever-changing world and technology has such a huge impact on our lives. What are the most recent development trends that you're seeing and how has the landscape shifted over the past 10 years or so? So that's [00:26:00] one question and, you know, you might want to wrap that in or maybe answer it distinctly.

[00:26:04] Do you have any parting advice for nonprofit leaders, particularly as it relates to fundraising? Yes. I think the, the biggest question, maybe not the biggest, one of the biggest questions on non-profits' minds, particularly those that were in, in the practice of producing large scale events, but even small-scale events.

[00:26:28] But these Galas, these dinners, that maybe accounted for up to half, maybe more, depending on the non-profit, of a nonprofit's fundraising budget. The big question that we got all summer into the fall was, should I do this? Do I have to do this? Is this an opportunity for me to maybe break out of event-based fundraising and move over toward relationship-based fundraising?

[00:26:52] I think we unfortunately had to say to people, it depends, and which is not a fun thing to hear from a consultant. [00:27:00] But we really encouraged our clients and our, and our friends in the

field to consider the return on investment. If it was possible for the organization to achieve the dollars in its fundraising budget, without the event.

[00:27:15] In other words, if you could, if you were planning on raising, let's say \$300,000 and you can craft a scenario with your leadership where you are having one-on-one conversations with donors who have been loyal contributors to the organization and believe in your mission, if we can have those kinds of one-on-one conversations or in some cases, outdoor coffees, depending on where you live in this country, then it might be an opportunity to move away from event dependence.

[00:27:46] Which sucks up hundreds of hours from the professional team and often from the board and maybe achieve the same dollar figure that these one-on-one conversations would have. So, some of our clients [00:28:00] successfully, many of them in fact, moved away from the virtual gala, which is where everyone was leaning for a while.

[00:28:06] And just decided to schedule conversations with people, to talk about what's going on with your organization. Again, back to the challenges. What's the new case for support? What are the plans for the future? And most of those clients achieved or even exceeded what they would have raised in a gala, in a virtual gala without the expense.

[00:28:27] And we can't kid ourselves that virtual galas are there, they're certainly less expensive, but some of them come with a hefty price tag on the production end so that I would continue to urge the nonprofit world to put pen to paper, fingers to keyboard, and think about that, that return on investment as we move forward, just because we can gather in a year, is that right for you?

[00:28:53] And many organizations said to us, it is right for us. And we didn't, we didn't try to talk everybody out of it. Many of them said, yes, [00:29:00] it is because we haven't seen our community all year long and this will be an opportunity for at least us to come together via, uh, this big virtual event experience and building excitement and enthusiasm and raise the dollars.

[00:29:13] So we needed as much as a community builder as you do as a fundraiser and those organizations, I think we're happy that they made this choice. And also, I would say 90% of our clients exceeded their fundraising, virtual fundraising goals. So, I think it's there. It's still a great tool, but not for everyone.

[00:29:33] And if your organization has been, this could be sort of part of the parting words, part of it is for your organization has been looking to be less event dependent and make that move toward relationship-based fundraising and ask donors not to make a gift to the event, but to make a gift to your mission, to your organization.

[00:29:54] And that even if they're out of town that day of the event, the day of the event, they're still going to make their gift. That it's [00:30:00] about the relationship and not the transaction. This, the pandemic has provided perfect opportunity to experiment with that and try that out. And I think the organizations who are doing it are so happy to have dropped that expense and dropped the hundreds of hours that typically go into event planning and instead invested those hours in relationship development.

[00:30:21] So that I would say that we need to keep doing. And I also hope that we now have proved to ourselves that, that social distancing has not kept us away from our donors, that we absolutely are

and can be asking for major gifts via Zoom. And I hope that people have the opportunity to meet in person this summer.

[00:30:43] When, when more of us get vaccinated. That's great, Amy, thank you so much. I, you know, such, such important advice and I think it's important for people to constantly being, to constantly be thoughtful about the path forward and, uh, have [00:31:00] the things that we've been doing for the past 50 years. Do they still work in today's environment or should we pivot?

[00:31:05] And can we be even more successful with a different course of action? So that's a, that's really meaningful. It's been so wonderful to talk to you. I'm wondering if you could just share before we wrap up for good, one pandemic silver lining that you've experienced over the past year or so?

[00:31:27] I have been walking outside at least three to four days a week, even in the snow pretty much most of this year. And I cannot say that I did that pre-pandemic. So, I have really talk about relationship building. I have really worked on my relationship with nature, have gotten off my Peloton bike a little bit, but I thank goodness for my Peloton bike, spent a lot of time just walking outside and enjoying the fresh [00:32:00] air and pushing myself to do that three to four days a week.

[00:32:01] So that for me has been a silver lining that I'm doing a lot of walking with my husband and we're enjoying it. That's great quality time and time spent commuting with nature. That's fantastic. Thank you again for joining us today. If listeners want to learn more about you and Evolve Giving Group, how can they do that?

[00:32:22] They can go to our website [evolvegivinggroup.com](http://evolvegivinggroup.com). They can also email us at [info@evolvegg.com](mailto:info@evolvegg.com). Amy, thank you so much. It's just terrific. The passion and the energy that you bring to this topic, we'll include all of your information in the show notes. And thanks so much to our listeners. Devon and I published many pieces for nonprofit leaders, and I want to make you aware of our article I recently wrote titled Four Smart Moves for Investment Committees.

[00:32:47] It addresses topics like preparing for a down-market, DEI policies and a lot more, you can access it with a link in the [00:33:00] show notes or on our website. So, to all you good stewards, thanks for investing time to help your nonprofits prosper.

[00:33:07] We'll connect with you soon on the next episode.

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