Transcript – Episode 97 – [A Contrarian View to Fundraising with Jason Lewis]

Dolph Goldenburg: Welcome to the Successful Nonprofits™ Podcast. I'm your host Dolph Goldenburg. Today, we will be speaking with Jason Lewis about how your small organization can win the war donor fundraising talent. Now, I am recording this podcast at Zero Dark Thirty on a Monday morning, and I am a little bit of a contrarian. Other people say Thank God it's Friday, and I say Thank God It's Monday. You get to start your week all over again with all the glorious days rolling out ahead of you and the opportunities to do more good work. One of the reasons I woke up this morning and said Thank God It's Monday is because first thing off the bat I have the opportunity to speak with Jason Lewis who is also a contrarian. He is the principal at Lewis Fundraising and has developed a workshop called the Contrarians Guide to Effective Fundraising. Jason believes that most nonprofits are simply getting it wrong with the conventional wisdom of development. And what we'll be speaking with him about today is his most recent book that's called *The War for Fundraising Talent and How Small Shops Can Win*. It's a book by the way that has landed on www.bookauthority.org 10 Best New Fundraising books to read in 2018. Without further ado, let's cue the music and welcome Jason.

Hey, Jason. Welcome to the podcast.

Jason Lewis: Good morning. I'm glad to be here. I look forward to the conversation.

Dolph Goldenburg: I think it's Zero Dark(er) Thirty for you because you're an hour behind me here and are traveling right now for a client where I can say you're in Wisconsin. I'm on the East Coast and Atlanta. So, it is 0-darker- thirty for you, right?

Jason Lewis: Yeah, it's just an hour later. After you and I are done, I'm going to get cleaned up, and the breakfast diner is right next door to the hotel where I'm meeting my client.

Dolph Goldenburg: Nice. Now, I love new takes on established ideas. So, I've got a lot of questions. How did you conclude that traditional fundraising is getting it wrong?

Jason Lewis: I don't so much think that they're necessarily getting it wrong. I think they're in what I call "messy adolescence." If you think about our adolescence, most of us thought we had things right. Maybe, there were things that as young people we did have right, but there are also things that we had to mature out of. If you look at human development and if you look at the development of a profession, I think there are probably other professions that have walked that same difficult path.

Messy adolescence is also characterized by rationalizing in denial. We rationalize our behavior. We justify it. I remember being 14, 15 years old and telling my parents that I knew what I was doing and having a slight chip on my shoulder believing that I had the world figured out. I think in some ways that's essentially where fundraising as a profession finds itself.

Dolph Goldenburg: What are some ways that fundraising as a profession or even small development shops are rationalizing and in denial?

Jason Lewis: I make a heavy case at the front end of my book that essentially we are rationalizing the relationships that we made the way that we build relationships with donors. I'm making the argument that we're addicted to a cheap and shallow, arms-length relationship with our donors that oftentimes does not yield meaningful gifts. It is oftentimes yielding very trivial gifts. I think the most profound ways that rationalizing comes in is when we look at those gifts and rationalize that our donors are doing the best that they can. You know the average Giving Tuesday gift last year was $116. And so, if you want to convince yourself that the large majority of your donors can only give you $116, that's rationalizing. You're assuming that your donors are broke, and what you find out when you kind of dig into the data and you do a little bit looking around to find out that our donors are often giving an organization that maintains an arm's length relationship with them what I call "trivial gifts." Other organizations that are giving much more meaningful and very significant gifts.

Dolph Goldenburg: What are some of the techniques you used to help fundraising shops kind of break out of that mindset of, “Okay, 116 dollars is great. Hey, it's five dollars more on average than what they got last year.”

Jason Lewis: Yes, in my seminars I start with a very simple exercise. So, I get all of my participants to draw three columns and three rows. In the first column, I ask them to identify what that trivial gift is for them because I want them to own the reality that there is a trivial gift out there. We're all willing and able of giving that gift. We oftentimes give those gifts in a lot of different places all the time. We might characterize the other two gifts: the meaningful gift and the significant gift. And what happens, Dolph is that you end up with without fail… when I ask folks in the audience to raise their hands if there is a difference between the first and the second gift and the second and the third gift is five times as much, they all raise their hand. I point out that they're looking at their own personal economy, and some of those assumptions that often go into how we ask for money and how we solicit money and what expectations we have of our donors are really just characteristic of our own sort of worldview in the way that we own psychology of money is what I would call it. So, I want them to own the trivial gift, the meaningful gift and the very significant gift.

Research has shown that the significant gift accounts for about 65 percent of what the portion of the annual income that a donor is giving to an organization. So, if the organization they are particularly fond of… if we're giving 65 percent of the total annual giving that we're going to give to that organization, then everybody else is essentially fighting for about 35 percent. We're just not going to change the world with that.

Dolph Goldenburg: Help me understand that five-time rule. So, is what you're saying, for example - for me a trivial gift is one hundred dollars. Five times that would mean a meaningful gift is 500, and then a significant gift is $2,500. Is that accurate?

Jason Lewis: Now, if you were in my workshop, you would fill out the card that way. What I think a lot of our organizations are doing when they do the simple exercise is they look at that hundred dollars. Then I say, “Okay, if you go back to the office, and you look at your last direct mail appeal, your last special event, your last Giving Tuesday gifts, do you think that the large majority of your gifts lined up with A, B, or C?” Inevitably, they say, “Well, we think it lines up with A.” What we're trying to do is debunk the assumption that when we look at that single one hundred dollars, I don't want to draw the assumption about you, Dolph, that you're broke. I want to assume that you're probably giving one hundred dollars to my organization because maybe you're not particularly dazed, and it may not mean a whole lot to you right now and that there are other organizations that you care more about and that you're willing to give much more meaningful and possibly significant gifts.

So, as you move down that continuum, it's relatively easy for all of us at whatever giving levels to give any number of those smaller gifts, but as you move down the continuum, there's a more logical and prioritizing process that has to occur.

Dolph Goldenburg: Certainly, I think for people that are married or in a relationship, there's probably, as you move down that continuum, a permission threshold. [For example], although my spouse and I have never talked about it, our permission threshold is $1,000. It's kind of funny. For either of us, if we made a gift of nine hundred and seventy-five dollars without consulting the other, it wouldn't be that big of a deal. There's something magical about putting the decimal place one more over, and it’s now at a thousand, and it requires like a conversation at home before we do that. I also think as you go down that continuum, there's also sort of this, “Okay, what level of deliberation or permission is required to get that additional gift?”

Jason Lewis: You nail the characterization that I used when I asked the audience. I say, “Okay, that first gift is the gift that you can probably give out of your wallet or you don't have to consult with a spouse or partner. You don't have to certainly don't have to consult with a financial planner.

Those second two gifts and most certainly the last one always require some deliberation with someone. The significant gift is often that gift that is made over a period of years. It’s very simple economics: human behavior plays out in our charitable giving.

Dolph Goldenburg: How do organizations move people from those 25-dollar, 50-dollar and 100-dollar trivial gifts to the meaningful gifts and then the significant gifts?

Jason Lewis: The first thing is you've got to sort of get over the assumption that those gifts mean something more than they do, and once you do, you can start having conversations that aren't… Some people have heard me have this conversation, and they've said to me, "How dare you refer to someone's gift as trivial?" I'm not referring to anyone's gift as trivial. I'm having the audacity to ask a donor if a gift is meaningful, but you can't ask a donor for a meaningful gift at an arm's length. So, I tell this story in my book.

I was meeting with a group of young AFP professionals in Philadelphia about a year ago, and we characterized these three gifts, and then I went around the room, and I asked “If I want to ensure a meaningful level of support from all of you in this room, and you've all sort of identified what that gift would look like, how do I get it?

And a young lady (she could not have been 25 years old) raised her hand, and she said, "You're going to have to ask me for it.” I clarified, and she said, “You're going to have to probably take me out to lunch or buy me a cup of coffee, and you'd have to ask me for this in person.”

That meaningful gift was probably not a whole lot more than your 500 dollars in your scenario, Dolph. I think that's what too many of our organizations are just not committed to doing. We can secure all the trivial gifts that we want, but if you do not have a process where that trivial gift moves that donor along, and you have to buy them a cup of coffee at a minimum...

Even for a 24, 25-year-old,

Good luck. Good luck.

We also don't want to diminish or misinterpret the importance of the trivial gift. Harvard recently did a study of a capital campaign, and I think [Gerald Panis] was talking about this idea a couple of years ago.

It was the idea that two-thirds of the million-dollar gifts in a recent capital campaign at Harvard originated from one-hundred-dollar gifts. If you trace back that relationship all the way to the first-time gift, it's not to suggest that the gift did not matter. That gift was critically important, but that hundred dollars were not representative of what the donor was capable of giving and was not in any way an indicator of where that donor ultimately ended up.

Dolph Goldenburg: It's interesting you say that, and I'm not sure that I've told this story on the podcast before. When I was running a community center in Philadelphia, we had a donor that went from being a 50-dollar-a-year donor to, over the course of a four-year period, a hundred-dollar-a-year donor. Of course, you know there were some increments; they did not go from 50 bucks to a hundred-thousand-dollars-a-year. I think they went to $10,000 and then $25,000 eventually $100,000. And when they became a hundred-thousand-dollar donor, we made a big deal of it. I had several executive directors in the community at the time. There were like, "How did you get this person to go from $50 to $100,000?" It sounds like I'm joking when I say this, but it started with me returning his call.

He called me up, and I started his call. Even though he was a $50-donor, I returned his call. We ended up going out to lunch and had some conversations, and I found out where his passion lies. Over the next several years, we just continued to build that relationship and cultivate him. It was also interesting because this was a donor where for him a hundred thousand dollars was significant.

He was intentionally giving away his estate before he died. He was not in a position to end up doing $100,000 with five organizations. So, it really was a matter of the first organization that really returned his call, treated him like a prospective major donor and gave him opportunities that were meaningful for his legacy. It was going to be that organization that got those kinds of gifts.

Jason Lewis: It's critically important, as your example demonstrates, that we do not assume that a single gift is necessarily an indication of what a donor's interest, commitment or capabilities are. Any one gift is not the best way to make that assessment. If you're looking at a string of donations that really only give you two data points – and that is the size of the gift and the date with which they give it –

You need to be investing in that relationship in a more meaningful way in order to find out what the real opportunity is behind that single gift.

Dolph Goldenburg: Jason, we're going to take a short break, and when we come back, we're going to talk about the care and feeding of our development staff.

As I mentioned in the intro, I love to hear different perspectives from people who are passionate about their beliefs, and I welcome that opportunity. We heard opposite views from two podcast guests in the not too distant past. First, we spoke with New American Fellow Dana Goldstein, author of the opinion piece "Don't Do It: Don't Start a Nonprofit," which first appeared in the BoardSource blog and then reprinted on GuideStar about a year ago. Fast forward a few months, and we had Sandy Pfau Englund, founder of MyRenosi, offer her counter-perspective on this issue, and it was our podcast episode titled, Please Do Start Another Nonprofit. Both guests made compelling arguments, and I found that I agreed with some of the points of each of them. We're going to link those in our show notes, and you can hear those conversations by going to www.successfulnonprofits.com. Don't forget that I'd love to hear your take on these differing perspectives. I'd also love to hear your take on our conversation today with Jason Lewis.

Hey, Jason. Welcome back.

So, when earlier in my career I was a development director twice, I often referred to the concept of the care and feeding of development directors. Every now and then I'd have an executive director or a CEO who would do something, and I would just think, 'Mmmmm. You do not understand what would really motivate me as a development director to give me the resources that are necessary to make the impact and I want to make this year.'

So, let's spend a little while and talk about how to recruit and retain the right talent for your development shop.

Jason Lewis: Yes. The second half of my book is a prescription or an attempt to resolve a lot of the talent retention problems that we have. The first half is a critique, and we sort of messed around with a little bit of that before the break. I am making the observation that a lot of development people are after the same thing I think our donors are after, and that is a meaningful relationship with people that share a vision and a concern for whatever cause brings them together. It is the way in which we facilitate the transaction or the exchange of money, the giving the receiving…

The manner in which we do it has a lot of donors by donor attrition and development officers by turnover running for the hills. I think if we will insist on more meaningful engagement with our donors and create a culture that allows for more meaningful work, we'll be able to retain these folks much longer. I also think that it's especially important that we begin to look at what psychologists look at, and that is **differentiation**.

There are two things that I talked about in the book, and one is **goal orientation theory.** It's a differentiation between not one but two forms of passion. Goal orientation theory is the idea that you can have two types of goals: one is a performance-based goal, which describes the tendency to compare ourselves with others. This loops back to my comments at the very beginning. This tendency to constantly compare ourselves with one another and with other organizations does tend to make us very competitive, and we do tend to get compelled to do what we're supposed to do. We get the job done.

It also is the type of the goal that ultimately ends up arriving at burnout, and I think is a good explanation, or at least some part of the explanation, for why we see a lot of turnover in these roles. What I don't see us focusing enough on is that idea of **mastery goals**, and mastery goals describe turning the mirror around, looking at ourselves and encouraging development officers to develop skills and talents themselves rather than competing with others. Rather than constantly comparing ourselves to what the college or university across town is raising, we're self-evaluating ourselves and where we were before. You blend that observation, that simple observation about how we evaluate our fundraising and how we evaluate our performance, and you add that to the research that has happened in this idea of what they call a **dualistic model of passion** (the idea that we're actually not necessarily characterized by one but two different types of passion). The researchers have coined these **harmonious passion** and **obsessive passion**, and obsessive passion is the one that tends to take an inordinate amount of our time.

It also requires a bit of an awkward or overwhelming part of our identity or isn't necessarily aligned with our identity. It also leads us to, yes, accomplish our goals, but we ultimately arrive at burnout. If you sort of take these things and you put them together - you take performance goals and you take obsessive passion - you can certainly understand why we're burning out development officers left and right these days.

If you take a mastery goal and you take what psychologists call harmonious passion, which allows you to balance this passion for what you're doing with the other areas that are important in your life, we tend to find much more meaning in our work. We can balance it with the other priorities in our life. It's not a square peg in a round hole. It tends to fit.

In my book, I retell the story of Neil Rubenstein at Harvard which is a story that a lot of folks in fundraising are actually finding out are not very familiar with. But Neil Rubenstein was the 10-year President at Harvard who, in the early 90s, was responsible for leading the largest capital campaign in Ivy League history and three years into the capital campaign. He passed out in a meeting.

He ultimately ends up on the cover of Newsweek magazine with his head shoved over the words "Exhausted." He becomes the poster child for the "exhausted executive running an overwhelming capital campaign."

Dolph Goldenburg: Let me just say that some CEOs will do anything to get that major gift… like, "I passed out to get that gift."

Jason Lewis: I don't think that was his goal. And I don't think that's what he was trying to do; he took a three-month sabbatical.

The thing is that the capital campaign just like the research would show the capital campaigns still ended up being a remarkably successful capital campaign.

At the end of Rubenstein's tenure, he ended up retiring from the academic administration.

He never probably raised a significant dollar like that ever again, and he retreated back to what was more who he was. He is still part of an organization that's largely focused on the humanities and poetry and those sorts of things, which is much more consistent with who he is as a human being. So, I raised the question in the book, "Are we asking ourselves if our identities align with that of a fundraiser and those that we hired to be in these roles?"

Dolph Goldenburg: What are you looking for from a fundraiser when you're hiring a development director and say it's a one-person shop or a two-person shop? What are you looking for?

Jason Lewis: I'm really looking for someone who wants to build a meaningful relationship with individual donors…that's where I'm trying to find the passion for the cause. So, I'm not one of those believers in hiring development officers that.... First and foremost, the prerequisite is that they have to care about the cause. Ultimately, I think that their commitment to the cause comes through building those meaningful relationships with the donors. And so, I see the development officer as someone who can build a bridge between an organization, its cause and the donors that do have a passion for that.

I don't want to hire someone who necessarily has inconsistent values and who's going to be at odds with whatever the organization is trying to advance, but I don't want to require that they be able to come in and immediately know how to raise the banner and articulate in very deep and meaningful ways. I think they can draw that out from their interactions with their donors.

Dolph Goldenburg: I've been development director at a one-person shop, and I was a development director at a seven-person shop. So practically speaking, if you're the development director of a one-person shop (so that means you know you're doing major gifts, any annual campaign, special events, grants, and even data entry and database work), what does that practical balance of passion in the rest of your life look like?

Jason Lewis: One of the mistakes that I think we make, Dolph, is (I've got a great visual that I can e-mail you and you can share it with your guests) - I call it the three lanes. These three lanes are essentially three concurrent lanes as if they're sort of moving around a core city. And the mission is representative of the city in the middle. One of the mistakes we get into in smaller shops is that we have this one individual, and we're trying to divide their time between all those different methods of fundraising that you described.

If you think about the way that fundraising is playing out in most small shops, most organizations have a lot of people (not just the development officer but also volunteers and the executive and the board members and everyone else) creating a traffic jam in lane one, and nobody wants to move into what I refer to as lane two and three. That outer lane also tends to be representative of those trivial gifts that we talked about in the first half of the show. I want to convince more organizations that the first fundraiser on the payroll actually works in Lane 2, which is a person who is routinely taking someone out to lunch. I think small shops need to learn how to has a specialist rather than a generalist who knows how to take a donor out to lunch so they're behaving more like a Major Gifts Officer in a large shop. The reason that's so difficult, Dolph, is because it also requires that the development officer and everyone else relinquish control over things like special events and everything else that don't tend to be the high net fundraising activities.

We have to relinquish those things to volunteers, and we don't like to do that because those things on that outer lane often also tend to be those things that are the most visible and those things that we tend to take to heart the hardest if they're not successful. Nobody dares Giving Tuesday to come up short of its goal or the Gala to not raise as much money as it did last year even though the net on both of those being so much lower than what you can do if you're just taking people out to lunch and seeking for meaningful gifts. That messes with this inverse relationship between growth and control. If you hire an individual in a small shop who wants to take people out to lunch, you empower your volunteers to do what we refer to as "acquisition work." Your volunteers synchronize their efforts with whatever technology is enabling them to do. I think you can actually have a pretty robust program, but the flip of that is actually what's playing out more often than not is that everyone wants to occupy the new acquisition lane. Then no one wants to take anybody out to lunch.

Dolph Goldenburg: That makes a lot of sense. Certainly, I think a lot of younger fundraisers love the idea of "Yes, I'm going to start my development shop." Admittedly, that was once me, but it's a much more ambitious thing to do. It's tough to focus on what you have to focus on.

Jason Lewis: The other thing that I do in my workshops is I challenge my fundraisers in the room. So, I'll have 30 fundraisers in the room, and I'll have some longer tenured folks and some newcomers to the field.

One of the questions I like to ask is: What is the role that technology is going to play in whatever sort of professional field that we're in? Every profession out there is asking the same question.

I'm sort of flying the warning flag that it's this outer lane, the new acquisition lane, that's generating trivial gifts, and technology is essentially always going to play its role. Usually, it's going to drive whatever we're doing. That lane is the lane that I think we can most afford not to have people in full-time jobs. An employer who's trying to do things with a well-balanced budget doesn't have to pay top dollar for the person in that lane. It's very frustrating sometimes for my audiences when I tell them, “Look, if you're operating in this outer lane doing primarily new acquisition work and then trying to suggest that you need to get paid more, you're just sort of making a bad business case.” That lane is designed for volume and efficiency, and you're just part of a system.

Dolph Goldenburg: And that lane already loses money if that's what this does. (chuckles)

Jason Lewis: Right, and we all know that. Young people coming in today are figuring that stuff out quicker than some of our longer-tenured fundraisers who are sort of stuck in this idea that I can operate in all three lanes and essentially not create any effectiveness in any of the lanes and then still argue that I need to get paid initiated a little better.

The other thing about Lane 1 versus 2 and 3 is essentially two different people. The person who's really good at planning a special event or writing code for a technology platform is not the person who enjoys taking people out to lunch and vice versa.

I think we're trying to be different people with lanes of responsibility. Technology will eventually take over lane 1. You're going to see, you know 5-10 years out, more small organizations be able only to hire major gift types. I have an article that I wrote about six months before I published the book. It’s called *The Rise of the Major Gifts Officer*. It's out on LinkedIn, and it's this very simple argument that eventually nonprofit organizations will only hire what we would traditionally characterize as a major gifts officer.

Dolph Goldenburg: Jason, this is a great conversation, but I've got to transition over to the Off-the-Map question. I know you're having breakfast with a client in the near future, so I might have let you go real soon.

When I checked out your website www.lewisfundraising.com, I saw a photo of you that makes me think you might be a big fan of baseball. For the Off-the-Map question, explain to me that photo of you standing in the bleachers on your website.

Jason Lewis: By posture, I had some folks that have commented that they liked that I took that pic. My family is a big fan of a local York Revolution. We live in York Pennsylvania. That's a small minor league ballpark.

I just think that relationship with my clients of being a coach and being close to the field…

I go on the calls with my clients - which is to say that I will go on a major gifts call. I'm not soliciting the money, but I'm right there at the lunch table with them.

I like to be close to the field, like when you're watching a ballgame. Any coach that knows how to be on the sidelines is that's what coaches are supposed to do. Too many of our consultants out there in the fundraising space are essentially in the locker room. They're not watching what's actually happening. They don't get to see that interaction between “the players” if you will…

[It’s] just a personal affection for the minor league ballpark. It's reflective of how I do my consulting.

I want to be as close to the sideline as I can and as close to the field as I can so that I can be a greater service to my clients.

Dolph Goldenburg: That is a great explanation. It's also a great picture, and I hope I have teased our audience enough that they want to go see that picture and they want to learn more about you which of course they can do at www.Lewisfundraising.com. I genuinely appreciate you taking this time to share your observations about the conventional wisdom of fundraising and maybe how we can do it better in that second and that third lane. I want to let our listeners know that, of course, they can find you and your workshops, can buy your book and can see that super cool photo of you at your home page, www.lewisfundraising.com. They can also find a link there to purchase your book, *The War for Fundraising Talent and How Small Shops Can Win*. Of course, we will link all of that in our show notes as well.

Jason, thank you so much for joining us today.

If your head is spinning right now from hearing some radically different ideas about how to equip your nonprofit for better fundraising really to move people over maybe from lane one to lane to two into more of that MGO Major Gift Officer type of role, no worries. Spin on and know that you can find all of today's information including the link to Jason Lewis's website at our website: www.successfulnonprofits.com. While you're there, go ahead and click on one of the listening apps and give us a rating. I know that I will be thinking about Jason's directive to really focus more energy and fundraising in the second lane, but what I’d also love to know is what's percolating through your brain after today's conversation. Hop on over to LinkedIn, Facebook, and Twitter and share your thoughts with me or of course info at www.goldenburggroup.com.

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