

Dolph Goldenburg: Welcome to the successful nonprofits podcast. I'm your host Dolph Goldenberg. I have a disclaimer today, dear listeners. I realize that we have aired a spate of episodes about fundraising over the last few months, and I also know that podcast Best Practices would suggest that I shake it up a bit. After all, this is not a fundraising podcast. It is a nonprofit podcast. You know, we are supposed to be examining marketing management, communications, governance, lots of other things in addition to fundraising, and we do this because nonprofits are successful when we look at them from a number of different lenses and various angles. So guess what today, dear listeners? Today, my guest is Greg Warner, and we will be discussing fundraising. That's right? Fundraising. I know you're like really that whole intro to tell me Dolph, it's going to be fundraising again, but here's the deal. This is fundraising from a perspective that very few people talk about it.

Greg's story really drew me in. He is the founder of Market Smart, a nonprofit fundraising platform and author of a new book, which I loved reading *engagement, fundraising, how to raise more money for less than the 21st century*. And he is also, without a doubt, a contrarian. Now, how do I know this? Well, first of all, I read his book, and it's clear that he's a contrarian. But second, I also understand that he has been heckled so relentlessly at fundraising symposium that he could not finish his presentation and have, might actually be the definition of a contrarian. So, Greg's development of engagement, fundraising is not just a philosophy. It is very clearly an ideology and its ensuing creation of a technology platform that enables engagement fundraising comes from a deeply personal space. He took a bad experience and turned it around at a major, major level. So, with that tease, we're going to cue the music and welcome Greg Warner to the podcast.

Dolph Goldenburg: Hey Greg, welcome to the podcast.

Greg Warner: Thanks for having me. Appreciate it.

Dolph Goldenburg: So, I did not want to steal your thunder. I know what bad story is. I read your book, but tell me what is the bad story that led you to engagement Fundraising?

Greg Warner: Ah, thunder. That's the right word. I am thunderous, my friend. All right. So, uh, the short story is that I was getting pummeled with a direct mail, and my favorite charity especially sent me a newsletter that I didn't really understand, and it had a lot of legalese in it and it was kind of complex. I looked at it because I'm a marketing guy and I was like, I got to figure out what the hell they're trying to get me to do. When I, when I really got it, because it took some time, I realized that they wanted me to leave a gift, a legacy gift to that charity. Not a problem. Fine. I wish they were a little clearer about it and I wish that they didn't talk to me like I was a lawyer, but then I got it right.

But the problem with it was that everything in that newsletter was all about charitable gift annuities., I if I remember right, 37, 38 years old, so I can't do a charitable gift annuity unless they want to pay me for a long, long, long time and they'd really be upside down on it. So, um, I was like, okay, so now they're actually just wasting my money because I've donated there wasting my money because I shouldn't even be on this list. So, I called and went through the labyrinth of trying to figure out who was responsible. And I finally got that person. She was wonderful. She was great. And I talked to her and explained to her and she explained to me... she was very genuine and straightforward, and she said, "Look, there's all, there's all these smart,

uh, experienced companies. We don't even really do this. We farm this out to these companies that are so called experts in this. And, uh, and she said, so we just do what they tell us to do.”

Okay, they're wasting my money and you're letting them. I said, what do you really want to happen? And she really just wanted leads for major gifts, legacy gifts, and I said, well, that's what my marketing business does. I mean, it's for products generally, but I generate leads for salespeople, highly qualified leads and we nurture them. It's called *lead nurturing* in the private sector. But in a fundraising sector, they call it cultivation. It's fine. It's funny. They in the fundraising sector wants to like take everything from the private sector and give it a different word. It's the same stuff. Fine. So I was like, okay, I could do that for you.

I did it for her, and it was gangbusters. And it works so well that a recipient, a donor... his son is diabetic. Here's the funny thing is this is a major philanthropist here in the DC area, which is where I live, belongs to the same country club. He actually owns the insurance agency that does my insurance, my life insurance, my business insurance, everything, right? I didn't know this at the time. This guy got that... Another huge diabetes organization. Did they do the same thing? So they called me up. I did that. I found out who the guy was. I was like, son of a gun, small world. So, clients started rolling in from referrals. I thought, well this is actually a lot better for me is to be helping nonprofits raise more money, focused on major and planned gifts and save money by not spamming and junk mailing, pummeling people and telemarketing people... stuff that doesn't work. So that's the story.

Dolph Goldenburg: And I think you, you told a story, I think in your book about a woman in the United Kingdom who received, she was an older woman and she received so many solicitations and like a lot of older people, she'd send a little something to all of them that she received and eventually at bankrupted her.

Greg Warner: Well, no, no, no, it didn't bankrupt her. It's, worse,

Dolph Goldenburg: cause I, I seem to recall she also committed suicide, but I thought there was bankruptcy first.

Greg Warner: No, you know what she was depressed and lonely is, and so her family actually doesn't blame the, the charities. Just a couple of months before she committed suicide, she was on the cover of some newspaper with a table full of appeals from charities because she got hundreds and hundreds, and they were selling her name to all the other charities, which I don't understand why nonprofits do that. They sell to their competitors. They give away their customers. I don't get that. That's stupid! Here in the states, we don't talk about what happened, but this is a huge thing that happened here in England. She took her own life. The family can't exactly blame the charities, but when they started digging into it, they were like, holy cow. I mean, she was just getting pummeled and she felt bad.

She felt, plus she was lonely and she was depressed. So in the end she can took her life. Who knows, maybe it contributed to it either way the charity board (a self regulating group in, in England, you know) did some research and came to some conclusions and you know, this is kind of contributed to the GDPR regulations that we're all dealing with. So, it's been a big component... there is a day of reckoning coming at call it also combining it with what I call a **fundraising climate change**. So the climate is changing. People are no longer going to put up

with this. I know that the old generations, the silent generation, you just send them letters and a certain percentage response and, they hope that you'll do the right thing with the money. It ain't gonna work like that in the Nixon, baby boomer generation and certainly not the Generation X-ers, which is me. We don't trust anything man. And then millennials, are you kidding me? So, charities need to change or change is going to come to them. And I see it happening already in all the data. It's happening.

Dolph Goldenburg: It's interesting that you say that because I think you're right around several things. Just things that I've kind of noticed with some of my clients or former clients where letter appeals don't do as well as they used to... even on a pretty warm list. You know, people don't really respond the way they used to the letter appeals. And maybe you've got to do, I'm to some segment of your donors because they're, that's how they're going to give. But there's a lot of donors that don't even open it.

Greg Warner: That's right. I mean, and how do you know that? You don't know what percentage don't open it. You know, marketing... this is odd because the nonprofit sector is so behind the private sector, just so behind and so unwilling to change. That's not their fault. By the way, I'm not mad at fundraisers or anything. It's not their fault. I blame, in fact, the media; everybody's blaming the media for everything these days; you know what, they are culpable. And I blame leadership for not seeing through the media BS because the media makes it, uh, it makes you want to have as a, as a leader in a nonprofit, this starvation cycle. You're supposed to behave not like a for-profit and you're supposed to try and keep costs low. Well, you know, it's not really right. How can you grow if you're always pummeling people and trying to keep costs low?

Here's a funny thing though, is you could actually cut costs if you do things differently. It's just that there's this machine that's in motion, and it has to do with a lot of direct mail, and of course the direct mail vendors, they don't want to give up and they're going to keep pushing. Also, it's a lot easier for a fundraiser to sign a PO to just keep doing what they're doing even if the, they're seeing reductions then to reinvent themselves and do what this climate change is requiring them to do. They need to reinvent themselves. It's just, you know, the sooner you do it, the better off you're going to be. ‘

Dolph Goldenburg: before we talk about some ways that we can do things differently at a lower cost, I just want to, um, recognize, I also think there's plenty of blame to go around. So I do think you're right. The media will be like, Oh my gosh, this charity spends, you know, 30 cents of every dollar given to them on fundraising and overhead. I think quite frankly funders play a big role in that as well. So there are some major funders in this country who, if you're nine 90 shows the, you're spending more than 5%, they're just not interested in funding you, no matter how impactful you're spending 65 cents on the dollar, they're not interested in you. I think that leads to a couple of things. One is I think it kind of leads to this starvation cycle. I also think it leads sometimes to nonprofits doing funny math when they allocate their functional expenses. You might look at a, at a \$5 million nonprofit and you see that the, you know, senior management is only 30% management and fundraising and you scratch your head, “How is that possible? They're an out of the front desk. They're not serving clients. How are they only 30%?”

Greg Warner: Yeah. Well look, this isn't my fight to change all that there. There's a lot of pollution if you will in that regard... nonprofits technically should be doing client selection,

donor selection in the private sector when you own a business and you know, like yours, you select your client. If you end up getting clients that are hammering you and hammering you and hammering you to behave in a certain way, at a certain point you say this isn't good for my business; we're going to have to break up. So that needs to happen with donors. And if you're stuck on a hamster wheel with a funder that wants that of you then break up with them. The problem is that they don't want to go find another, well you have to, in fact, what you have to do is you have to have a pipeline of, of potential funders in the mix, and you have to see that pipeline. You have to visualize that pipeline. I mean that's part of what my business does for people. I don't want to plug my business too much... you have to be able to see your pipeline and if you can see that you've got another one coming and then the likelihood is pretty good, then it's a lot easier to say goodbye to that funder that's trying to make you do stuff that is not really good for your organization.

Dolph Goldenburg: Absolutely. Let's get down and talk about how nonprofits can increase engagement using technology while decreasing the money that they're spending. To get a dollar.

Greg Warner: I'm not the only one proving it. And there was the darling of the sector for a while, was this Charity Water? I think everybody's always heard about charity water. Well now they're like \$150 million a year. Okay? So I love the people who are like, well we can't this, we can't do that. And then you got cCharity Water that starts from nothing and in like 10 years becomes \$150 million organization without direct mail. Hello? You can do it! You can do it. What you have to do though is you have to change your mindset. It's not about pummeling people, irritating them and trying to make them bleed money. No, it's about delivering value and being fair to people. It's a whole new mindset. It's kind of because you're like, well I don't understand.

How can I possibly deliver value? And then I'm like, oh my God. Oh my God. Like have you ever donated? But that's the sad thing. A lot of fundraisers unfortunately have not donated. They have people on their board that haven't donated. I have sat in a board meeting and more than half of the board members, I was talking to him about how they should be donating, and one of them got indignant with me while I give my time so I'm not going to donate. They were probably upset that they invited me to this, but I, I said I don't even understand you care about the organization. Right? Of course I do. Well you can't give five bucks. Well I could give five bucks. We'll give five bucks and shut up. I mean, I didn't really say it like this, but it's like, what are you talking about here? Can you give 50 I mean,

Dolph Goldenburg: I deal with board development and what I often say to boards is that there are three predictors of board performance: do they give into fundraise, do they participate on committees and do they show up at board meetings? And every now and then I'll have a board member that pushes back on one of those. Most often it's the I've got to give and this is what I end up saying to them. So these three predictors, and that includes giving, are, are truly such, there's such a strong correlation with board performance. So, I will often partner with Boardsource to do evaluation cycle. Like we'll use their evaluation tool, which is a comprehensive, like every board has got to take 45 minutes and fill out this tool before we get to the retreat. If I already know those three predictors, I can pretty much tell you how the 150 other things that board sources measuring how they're all going to fall just based on is your board actually engaged? Are they giving?

Greg Warner: Yeah, well that and those board members, they got their priorities wrong anyway. You don't value your time very much because time is pretty much all you got; you think your time is actually more and you're here. How can you expect other people to give and pay for that seat that you're sitting in and that donut that you're eating at the meeting... you want other people to pay for that so that what you can give your brilliance, you're that frigging smart? Get outta here! Get outta here! You're not that smart.

And I got Greg. I love you. That's awesome. That is totally awesome.

Greg Warner: Look, here's the other thing about, and, and we're kind of getting off topic because I know we want to talk about engagement, but a lot, I've sat in all those board meetings, they're puffing out their chest, they're sizing each other up, they're posturing.

It's bull**** Sorry. You're going to have to bleep that out, but it has nothing to do sometimes with really helping the organization, and then they drive home saying, "Well, I'm a really great person because I went to the board meeting and helped out." No, you didn't. You stuck your nose into people's business. You got in the way; you argued with people; you didn't do anything to help you actually made it harder. So, shut up... but nonprofits need to select who's on the board. That's another thing is they're so behind they are so under pressure that then they're like, "Oh, it's so hard to get good board members. I mean, I'll just take this one. This is a low hanging fruit." Yeah, but it ain't ripe. It's got a worm in it. Get it out.

Dolph Goldenburg: Yeah. That leads to one of my pet peeves. So, when I'm doing board development work and I'm like you have to have hard and fast expectations. If you don't meet them, you're off the board. If you don't perform, you're off the board. I will often have board members say to me, "Well, what happens if the CEO of Home Depot wants to join our board? Wouldn't this be a barrier?" I'm like, Hey, the CEO of Home Depot will not be a barrier because I have no problem with these B) Has the CEO of Home Depot approached you? Have you approached the CEO of Home Depot? No. Like that's a hypothetical. What happened if a pink elephant came into my living room and sat on my couch? It didn't happen. Let's not talk about that hypothetical, and let's just buy a couch that will hold up normal human beings and not an elephant. For me I'm right there with you. No, you don't have to let anybody on your board and your standards don't have to be so low that if you breathe on a spoon and you know it fogs up, you can be on the board.

Greg Warner: Well, let me tell you this though. I know about the CEO of Home Depot because he is on the board of one of our customers that I'm very deeply involved with and that all this proceeds of my book, all the net proceeds are gross per whatever you want to call it. They go to this charity. I kid you not and I'll tell you this, the CEO of Home Depot is unbelievably involved. He would never miss a meeting. He never misses an opportunity to give and lead by example. He doesn't get in the way. I know it.

Dolph Goldenburg: And what's more, he does not want to serve on a board where two thirds of the people aren't showing up at meetings and aren't fully participating. He would look at that board and say, this is a waste of my time.

Greg Warner: Exactly right. 10000%. Yeah. I'm right there with your brother. You're my brother from another mother. Thank you. I like it.

Dolph Goldenburg: Alright, that's awesome. We probably need to get back to engagement. Fundraising. Yeah. I'd want to take before we kind of started talking about some board stuff. Um, you know, you were talking about the, that fundraisers need to give, though I think they should not just be giving to the organizations they work for. I think they also should select honestly 10 or 15 charities that they actually care about and make gifts of different sizes. Based on how much they care about the charity, make a \$10 gift and to at least one or two of them make a thousand dollar gift. Every now and then I'll have people to me, well you know, fundraisers in this city only make \$75,000 so you're asking that they give 2,000 to, you know, to different charities to two charities total. And then another thousand or so making smaller gifts to other charities. I'm like, absolutely. For several reasons. Hey, you don't understand philanthropy unless you're a philanthropist, but you also don't understand how you want to be treated as \$1,000 donor until you've given \$1,000.

Greg Warner: Without a doubt. Now, the way we say it around here is you got to eat your own dog food.

Dolph Goldenburg: Funny. Cause you know, Warren Buffet says I eat my own cooking. So, it's the same thing.

Greg Warner: Yeah, I mean you got to know what it feels like. Really feels like, you know, look, I just made a donation this morning. It wasn't really a donation. I mean you could call it, but it's because there's the big Turkey Chase for the YMCA and the Rotary. I run it every year with my brother. I went online, I tried to give, right? It kept giving me error messages. I spent like a half an hour, different credit cards, all this kind of stuff. And then my brother, because I paid for him to, I put his email. So, then I'm writing a note to the person who's supposedly in charge of this. I, unfortunately I found that person... it was not easy, but I found, and I'm writing an email, and then I get a text from my brother saying that he just got an email that they're asking him to create his fundraising page.

I'm like, so now they're, they're already off to the races, creed or funding. They don't have my money yet. I can't give them my money. Anyway, you have to go through these experiences so that you can feel the pain of what your supporters feel and understand how to remove that friction. Look, the Scott Thompson, head of Charity Water... it takes seven seconds to donate on Charity Water's page. He's trying desperately to get it down to four. That's how it should be, you know?

Dolph Goldenburg: Wow. When this is over, I'm actually gonna go make a donation to Charity Water's page cause I want to see how I can do want to just seven seconds now. I'm curious.

Greg Warner: Check it out. See, if he's got it. Also check out how they cultivate. There's a lot of reporting on impact is what they do. There's a lot of transparency... if they, if you funded a well in Africa... he's had instances where they were digging it and they just couldn't find water. They thought everything they thought and they got all the money and all this stuff. They messed up, they failed, they screwed up. He didn't hide it. He actually goes to the donors and he'll say, "Look, this is what happened. We screwed up. The machine broke because we, we dug too deep and we made a miscalculation." That transparency, that honesty... this is what engagement is all about. It's about being real. It's about engaging. It's about letting them know about your chest problems, challenges.

They'll only trust you more. But most nonprofits, they don't want to do any of that. They want to get involved in branding. Branding is bulls***. Okay. You don't need branding. You really don't. You don't. Here's who raises the most money the fastest. And they don't give two craps about branding. It's every politician in the world. They know how to raise money, bro. And now they're not nice about it because they love them and leave them. They don't care about you once they get elected or don't get elected. Anyway, go ahead.

Dolph Goldenburg: My husband and I, we really got behind a campaign this year in the state of Georgia. I happen to actually know the person that was running and he's a former congress person who is running for statewide office. He calls me up and I can tell he's on his fundraising talk tracks, and they were good. I mean really like when we were done I was like, Hey, you know, I support you for this office but you have missed your calling. You should've been a fundraiser because you have just walked me through in one call, you already knew I had an interest in helping you raise money cause I was, I offered to do an event, you have walked me step by step by step to where I've kind of committed to bring it in about \$10,000 for you. Yeah, like literally from, oh I'm interested in doing an event to a hard financial target. Will you commit to help him and raise x amount in like a five-minute conversation.

Greg Warner: Well, here's the short story on branding. Okay. It's very simple. A brand is not what colors you choose or what you say or how your website looks or what your brochure looks like and all that stuff. People don't understand. Branding is not even a verb. You cannot have branding. You cannot be rebranding, you can't do branding. It's not a brand is what you are from the core. It's the bottom line why people should give and then how you treat them to continue that trust once you've earned it because trust gets earned very slowly, but it will crash and burn very, very fast. This is why the politicians don't care about brand. They don't; they just put their whatever it is. And in fact, if you look at Hillary Clinton's brand, what did that do? I'm sure she spent a lot of money on that "H" or whatever, you know, with the Arrow. Right. I just thought that's the way to the hospital.

Dolph Goldenburg: Admittedly, I voted for Hillary, but I was not a huge fan of that "H".

Greg Warner: Well, clearly not, but, um, like I said, it's not about your brand. There's too much emphasis on, on that. That's lipstick on the pig. You, why not turn the pig into a hint? Hey, I'm Jewish, so I don't know what you turned it into. [inaudible] Okay. So engagement fundraising though, you probably, I mean we're kind of in it, we're talking about it a little bit is it's talking about treating people right? Being a transparent, open, honest, being real. Showing people what happens with their money. You know, that's the number one thing. People are like, "What the hell did you do with my money?" That's what they want to know. Okay, but more important, and don't forget this, how, what they're really asking themselves, cause I know that's the pragmatic part. They want to see impact. What they're really saying to you is, "How did you make me feel in exchange for the dollars I gave?"

What was the value exchange? I gave you money. What did you do for me? This is why the movies are so important. Netflix, multi, billions, trillions, whatever. Because people get emotions from watching Netflix and going to the movies. People pay to be moved. So, I just don't want it you to, you think that, oh well we'll just show them what we did with the money and it'll all be good. No, that's not really it. They say they want to know what they did, what you did with the money. But what they really are saying is I want to feel good. I want to feel good about myself. I

want to see myself as the hero in my own life. I want my friends to see me as awesome. I want notoriety. I want, you know, there's all kinds of things that people *buy* with their money. I want a better parking spot for the football game at my Alma Mater. You know, or maybe I give anonymously because I just want to know that I helped. There's a million reasons why people give.

Dolph Goldenburg: Greg, with that tease, what I'd like for us to do is break this into two episodes. Not One. So, listeners have you want to hear the second half. You're going to have to stay tuned for the very next episode. But let me first make sure that every listener knows how to get ahold of you. So, you can find Greg and www.imarketsmart.com now I want you to remember there is an "I" in front of MarketSmart like there's an "I" in front of iPhone and iTunes. You can get a copy of his book, and as you just heard, all the net proceeds go to help a charity and www.engagementfundraising.com. You can get a free fundraising report card generated www.fundraisingreportcard.com. He's got a ton of other free resources, but that is one that you really probably want to get because that is the most popular resource that he currently offers as a freemium. So, hey listeners, thank you so much for joining us today. If you've enjoyed this episode, make sure you send it out on Twitter, on Facebook, on Instagram, whatever social media you're using, and also do not forget to rate and review this podcast. I will share with you that every week the number of listeners increases because we have listeners that rate review and share it with their friends. That is our show for this week. I hope you've gained some insight to help your nonprofit thrive in a competitive environment.