

Transcript

Episode 114 – [Everyone Must Get On Board the Tech Train...or It's Not Leaving the Station: A Conversation with Peter Gross of Build Consulting](#)

Dolph Goldenburg: Welcome to the Successful Nonprofits™ Podcast. I'm your host Dolph Goldenburg. Today we are talking about technology with Peter Gross, but before we get to that conversation, I want to share something very important with you, our listeners. We're going to try something that's just a little bit radical for the next few episodes, probably for the next eight or 10 episodes. We are removing all of the music from the podcast and eliminating the midpoint break that you've probably grown used to. Now, if there's something we want to promote, which is typically what we've used the mid-point break for, we'll do that at the beginning and the end of the podcast episode, but that conversation will now continue without that false interruption in the middle of it. Now, let me share with you why we've made that decision. There were really two reasons. Most important, that mid-point break often throws this gigantic, enormous wrench into the conversation, and that isn't fair to you, our listeners, and it's also not fair to our guests who are coming on and sharing the incredible knowledge that they've got.

Additionally, you know I'm kind of an efficiency nut, and I'm always looking for ways to streamline the podcast so that it's easier to produce so we can get it out to you faster. Stripping the podcast down to its essence will also help us produce the podcast more quickly. Now, as I said, this is an experiment, and I would certainly appreciate your feedback. Let me know if you loved the music, and now you really miss it. Also, let me know if you hated that music and are glad to see it gone. Now, let's get on with our conversation of the day.

As I mentioned earlier, we're talking with Peter Gross about technology and what does technology look like at your job? You know, I've been in some larger nonprofits. I've been in some medium size and smaller nonprofits, and I certainly recall, and you probably have had this feeling as well, talking to a friend in the for-profit world who describes a new technology that their employer is deploying, and you feel a little envious.

You would love to have something like that in your job. You Think, "Oh my gosh, I would save time. I would get home in time for dinner. My life would be better." You've also probably been at that cocktail party where a friend of yours also working either for a very large organization or in a large for-profit, talks about how it took their tech guy 40 minutes. Can you believe it? Forty minutes to get back to them about setting up their new laptop and you're thinking, "First of all, Tech Guy? Second of all, new laptop? I'm using something that's ten years old. Third, less than an hour? Cry me a river!" Obviously, if you're in the nonprofit sector, technology oftentimes can be a source of frustration for you, and for a lot of midsize nonprofits, quite frankly, they often don't have a full tech team.

They don't have a technology department that maybe has a help desk and a CIO and a developer. That does not mean that small and medium-sized organizations would not benefit from some it solutions or that they would not benefit from some help in implementing those

solutions. Now, figuring out how to assess technology needs, choose solutions, and implement them is the business of our guest, Peter Gross of Build Consulting. Peter started his career in the nonprofit arena, and it's been over 11 years helping nonprofits resolve their technology dilemmas. So, let's delve into some best practices in technology for your nonprofit organization. Again, we're going to do it without cueing the music. Hey Peter, welcome to the podcast.

Peter Gross: Thank you so much. I'm really glad to be here.

Dolph Goldenburg: Before almost immediately before this episode, I know I'd already checked out your blog, but I went back up and read your blog, and I really enjoy reading, reading the blog at your website, and I could not help but notice that you write a lot about leadership. You don't often hear tech consultants talking about leadership. So, let's start the conversation there.

Peter Gross: Sure, yeah. At Build Consulting, we really do take a different perspective on technology than a lot of companies that are out there. Our primary focus as a firm is nonprofit technology strategy, and what that basically means is that we want to be able to put our clients in the best possible position to use technology to further their goals. We have a couple of core perspectives which informed the way we've built our company. The first one is that technology is exciting and really can be a tool to help people transform and to help nonprofits transform the world. The flip side of that though is – and all of our staff have experienced this – is some estimates are that 50 percent or more of technology projects actually fail. That may mean they fail completely, meaning they go away, and you don't get any benefits from them, or they may get something may get implemented, but ultimately you don't get the benefits out of it that you were hoping for. That phenomenon is captured in our favorite formula which we did not come up with. Some people say Peter Drucker came up with it. I'm not really sure, but we take full advantage of it, which is, $OO=NT=EOO$. It basically means old organization plus new technology equals expensive old organization.

Dolph Goldenburg: So, you know, I've got to jump in quick and share with you that I think that's why a lot of funders stopped funding technology after the eighties. I think so often nonprofits went to funders (especially in the eighties) and said, "Wow, you know what? We're going to computerize our office." Keep in mind most people still had typewriters. They said, "We're going to computerize our office, and we're going to get the following benefits," and that didn't happen. And then for the next 30 years, funders have been really gun shy because of that formula: Old Organization plus new technology equals expensive old organization.

Peter Gross: That's exactly right. Getting back to your question about leadership, when we look at the challenges that nonprofits face in either maintaining or selecting and implementing their technology, it is rarely a question of the technology itself. It is much more a question starting with how the organization has leadership from the top that is able to articulate their goals, their strategies, their programs, their fundraising goals, all of those things and how that translates into the requirements for and the implementation of systems that will support that. Most nonprofits that we work with have technology that in general can work fairly well. The trouble is the disconnect between the organization itself and the capabilities of the of whatever system that

we're talking about. If leadership doesn't come from the top, if the organization doesn't have the right operations in place, you could have the Cadillac of any system you want to talk about fundraising, program management, finance, HR.

If the direction and the resources are not brought to bear, then ultimately the technology is going to fail, and we are frequently brought in when people are saying, Hey, I've got this fundraising system, and we don't like it. We need to go to something new. Sometimes they do need to go to something new, but more often what we're working with them on is starting at the top with being clear on what the system should be supporting. Then we can make the system actually fit the needs of the organization. It can't go in the other direction. There's no: if you build it, they will use it. It never has been and never will be.

Dolph Goldenburg: Right. So, what are some of those things that the leaders at the top need to be doing to ensure that innovation and technology strategies are actually implemented and succeed?

Peter Gross: There's a range of them, and they range from the very strategic to the very tactical. At the strategic level, so often when we come in, (and I'll just use fundraising and decision example because I think that applies to most of the nonprofit organizations out there) the organization is not always clear on how they expect to execute their fundraising activities, whether that's major gifts, direct mail online. They don't have to know all the buttons and all the fields and all that. You know all the data that's out there, but they have to be able to say, this is what fundraising looks for us in the one to three-year timeframe. This [is what] we engage in. This is how we expect our major gift officers to behave and what we expect them to record. This is how I'm going to measure them. All of those kinds of questions are not technology questions. They are fundraising questions.

When those are well articulated, we can translate them into technological solutions that will ultimately support them. Another example, perhaps, more at the management level is where we have seen, (and I'll use fundraising and major giving again as an example) we frequently find that the challenge of major gift officers using the system. While it people say, if we had a new system, we'd actually use it. The truth is they're neither incented to nor expected to, from a performance perspective, to use the system, and if those things aren't in place, the systems generally don't get used. You might have one or two people that really do want to use those systems, but overall the organization isn't going to fall that way, and when we've seen successful implementations, that sort of strategic and management and operational expectations have been clear, and then people will basically uptake the technology.

So, that's strategic and management levels. I would say at the tactical level, I would encourage every leader in an organization to never say the words, "I'm not a tech guy. I'm not going to be involved in this." They may not be technology people, but the success of technology projects depend on the business of the organization and the articulation of those needs. So, come to the table with that, and we can help you with the technology and make a commitment to use that system at least in a limited way. Whether the CEO of an organization is going to enter

information on the meeting they had with a particular funder, or when they go to a meeting with their fundraising team, they're bringing a report that came out of the system and if it didn't get into the system from our perspective, it doesn't exist. You get measured based on what you record and what you tell us about the activities that you did.

Dolph Goldenburg: I'll share with you right now I'm doing an interim executive director engagement, and one of the things that we do – Let me also say that when I first walked in the door, maybe they were not using their CRM and getting all the information in to really make it as useful as well as coding things so that it could be as useful as possible. One of the things that we do is almost every Friday I sit down and make calls to major donors, and the development assistant is in the room with me. She's on her laptop, and she is taking notes into the system while I'm talking with the donor. Admittedly, good news, bad news, I know myself well enough to know that I'm probably not going to follow up and do it, but I also know that means that we need some kind of structure that really underscores how important is to get that data in.

Peter Gross: Absolutely. And so much of that critical information, if it doesn't make it into the system, essentially is no longer an asset to the organization if the person that had the conversation leaves the organization. That data needs to be treated, that information needs to be treated as an organizational asset. So, I think your example is great, and there's no single way for people to interact with these systems. Some folks that don't want to type up the notes will have a conversation with their assistant or with someone and say, here are the three people I met with. Here are the key points. Here are the next steps. And then that person will put the information in. Sometimes they'll dictate it through, you know, voice recognition on their iPhone or their Android device and send that to their assistant or someone in the development office, and they'll put it in there. We tried to meet people where they are and meet the goal which is to have the information recorded. It doesn't have to be, you know, you're typing furiously on your iPhone, and then you're sending it into the system. It can be a whole bunch of different ways. But the fact of it is incredibly important.

Dolph Goldenburg: Alright. And I will say I think it's getting easier and easier to record our interactions with donors inside of CRM. For example, almost every CRM, even the really cheap ones now have the ability for you to send a direct email. So, not a mass email, but you know, an email just to an individual donor through that CRM or have a way to copy the CRM blind, copy the CRM in your own email so that it gets into that donor's record. It's just getting easier and easier to use your CRM.

Peter Gross: That's exactly right. Whether it's emailing, you know, for our CRM at Build Consulting, we have a tool that integrates with Outlook that when you're in an email and I'm composing it, I can actually pull up the Salesforce record. I can say when I'm sending it. I want to actually log it. And you're right, most of the systems have some version of that make it even easier, a lot easier than it was before.

Dolph Goldenburg: One of the things that I'm not necessarily seeing nonprofits start to work on is the silos of technology. I think oftentimes when I walk into an organization – and I don't do

tech consulting. It's not typically something I'm able to help with. Let me be very clear about it. I just notice it as an issue. For example, the finance and accounting technology does not integrate with the fundraising technology, and neither of those integrates with the client database or with the HR database.

Consequently – and I see this most often with the fundraising CRM and the finance accounting software – you'll see a finance report coming out of the accounting software, and then you'll see a fundraising report. You [can't] actually tie the two back together. You're like, how much money did this event raise? Or how much money actually came in from? It's not clear based on these two reports.

Peter Gross: That's exactly right. The fundraising and finance connection I think is probably the most common one that we see, and it's not that every organization has to have a highly technological integration between the two systems, but there's a process and flow that can be set up so that it's much easier to tie those two systems together. In some cases, you can have them more specifically tied, but the truth is a lot of that is about process, and a lot of it is about the tension which exists, I would say, in almost in every nonprofit organization we've worked with, between the fundraising view of the world and the accounting view of the world. Right? Both views are absolutely legitimate, but historically there's been a lot of tension and a lot of frustration, particularly since accounting historically owned technology because they were the first ones ever to use it from a finance perspective.

They had the spreadsheets, and they had whatever the accounting system was. That coming together, that's another example where in many cases it's really not the technology that's not connected, it's actually the business units that are not connected and not recognizing that [you] can have [your] fundraising view of how much money came in and it's organized by appeal or by campaign or by donor restriction and [you] can have my accounting view of the world, which doesn't particularly care usually about appeals or campaigns, but does care about donor restriction and might care about other things which reflect themselves in the finance. The only way to make that happen is to have those two departments collaborate, talk together and figure out, what is the universe of information? Should it look like to serve both of our needs and the whole organization?

Dolph Goldenburg: You're so right, and that's so key. I think a lot of small nonprofits and even some medium-sized ones, you know, cannot really afford a full Blackbaud or Salesforce build out which we fully integrate accounting and fundraising. What are some of those processes when accounting and fundraising sit down to have a conversation? What are some of the processes they need to be talking about?

Peter Gross: Sure. I think the overarching one really is coming up with the most efficient flow of the dollars from the point where they hit the organization, whether that's a check on your desk, a transaction in your online system, a wire transfer, transfer stock, those kinds of things, being able to follow that information in the most efficient way possible, which in general is a best practice is it gets entered into the CRM, whether that's Razor's Edge or Salesforce, with the right

amount of information that both allow you to do the analysis and recognition that you want to be able to do in the CRM, but can then flow over into the accounting system and provide them with the information they need for auditing purposes, for cash flow, for all of those things that they need to do.

Viewing that as one stream, a lot of times what we see (and we even see it in some very large organizations) where there's a lot of data going into the CRM. Some of it might flow over, but a lot of data is going into finance, and the reconciliation is overwhelming. So, two things. One is that that question of the flow of information and making it as efficient and effective as you can. And the second is what I talked about earlier, which is how to build an understanding of what I would call gift classification or contribution classification that serves the organization, meaning both development and finance and other departments. In some cases, it's programmatic or grant money, which is going to affect the way the budgets look on the program side of things, so they have a stake in what that looks like. You don't, get to an effective way of doing that unless you break those silos down and bring people to the table.

Dolph Goldenburg: So, when you're saying gift classification, I'm gonna ask some very specific questions about that. Are you saying, for example, classifications that tied directly into the chart of accounts? For example, you know, most CRMs you can have an appeal say the annual fall appeal, but then you can have a classification of an individual donor or a foundation. Is that what you're saying?

Peter Gross: I am saying all of the above. What I encourage folks to do is, and what I facilitate when I'm in that position is, I want them to talk to me about the ways in which they need to classify their gift information, their contribution information without thinking about the system. Right? So, from a fundraising perspective, I need to know who raised it. Sometimes, I need to know what method was employed to actually raise it, whether that's a major gift, outreach, an email campaign, a direct marketing campaign, etc. I need to know that when I send the acknowledgment letter that it has effective communication of the restriction (if any) that the donor placed on it so that when they get their letter, they know it went into the Dolph Goldenburg scholarship fund, right? On the accounting side, I need to know that when those primary selections are made, I'm going to get information with the right GL, with the right post date, with what batch it came in so that I can reconcile against the bank deposit or against our caging cashiering company.

I need for it as easily as possible to be able to translate into those GL account codes, so I can do my debits and credits without having to do a lot of manual manipulation, and there may be other kinds of classifications that I need to put on there. Sometimes, in the accounting system, you would have it down to the appeal or event level because they want to measure revenue and expenses in the accounting system and sometimes not. Having that discussion about business needs takes it out of the question of technology and which system can support what. Let's figure out what the business is. Then we can figure out the best way to make that work in the technological sense.

Dolph Goldenburg: I know we've got a lot of our listeners that are small nonprofits, so budgets of a quarter million dollars, half a million dollars or less.

So, for those really small nonprofits, what types of processes and what should they be looking for from their CRM?

Peter Gross: So, I think the first thing I would say is, and frankly we see this in large ones, too. There has to be an honest sort of reckoning with how much can be achieved given whatever the staffing levels are. You know, there are some smaller nonprofits that have a pretty robust business systems management team that can accomplish a fair amount using that system, and there's some that really don't have a lot of bandwidth to do that. It doesn't matter how good the system is. That doesn't change those fundamental realities. Some make it a little easier. Some make it a little harder. I think sort of the foundational work that has to happen is making sure that you are processing transactions as efficiently and as quickly as possible, having those acknowledgments or receipts go out the door in a really timely fashion that they're really accurate and that you are accounting for those funds in a way that reduces risk and ensures that the money is being accounted for properly.

That's foundational. Once that's in place, and you have those processes documented and well-trained, then the next step is to build on that and maybe be able to add some of the additional things that you'd like to do. That may be an automated integration, or a more automated integration, maybe additional information that can feed budgeting. There's just a whole bunch of things but focusing on the core business of the organization is the place to start, and the management and accounting of those transactions, both how you get them and account for them, is foundational.

If we don't get that right, we can't do the kind of analysis you want to be able to do to figure out where funding is going to come from in the future. If all of that's a mess, we've lost our basis for actually getting better in the future.

Dolph Goldenburg: For the very small or small nonprofit, say they've got a halftime admin person who can work on the database a little bit, but that's not their only job. What are the two or three CRMs you would recommend they look at?

Peter Gross: That is definitely a difficult question.

Dolph Goldenburg: Well, I'll tell you real quick. That's why I asked you because I get asked that question all the time and I'm like, "Well, Blackbaud's out. Salesforce takes a lot to build out."

I get asked this all the time. That's why I asked you. Yeah.

Peter Gross: So, here's what I'll say. I'll avoid the question, and then I'll answer the question. So, we're vendor agnostic. We don't endorse any particular software vendor or software product. Obviously, Blackbaud, Razor's Edge's NXT products, Salesforce, those are the [a few] huge

players in the market. We tend to work with the medium to large-sized organizations. There's a ton of smaller players in the market. Things like Neon or Kindful, which is actually based here in Nashville where I am, which can potentially meet those needs. The reason we don't really answer that question is because it is so dependent on what the organization needs, what kind of resources they can bring to the table. There are some really small nonprofits where much of an investment in technology is not going to return a lot of results just because they don't have the time to invest in that system. You could see an effective small nonprofit that used spreadsheets and QuickBooks right? You know, there are ways to do that effectively. It doesn't have to be a system.

My son goes to a school that has one of those really small CRMs, and they are fairly simple, but they even, they struggle to use the resources of that simple system. It's not that they shouldn't, but what system gets put in place is so dependent on what the organization actually needs. It's important to grow into that capability rather than to say, well, we know Razors Edge just the Cadillac, right? Everybody has Razor's Edge. Let's get Razors Edge, and we'll figure out how to use it. That's not always successful with any system that sort of falls into that position because they're not in a position to really maintain it. Well, so, I really did kind of avoid your question, but it really is dependent on what the organization needs, what they're capable of bringing to the table in terms of managing it and how that matches up with the system and the vendors and their level of support at that point.

Dolph Goldenburg: I have to say I actually think it was a very fair answer to the question. When I'm asked that question, I often dance around it as well because there is no one size fits all. It's not really possible to say, Neon is the one for you. Little Green Light is the one for you without a lot of information, but I'd be remiss because I know everyone's like, "Come on, you're talking about all this, you know, high tech expensive stuff and we've got a quarter-million-dollar budget. You know, you gotta ask him a question for me." So, I guess what I hear you saying is really organizations that have to figure out specifically what they need, what they have the resources to manage and go out and look at the various products at that level.

Peter Gross: That's right. That's right, and sometimes, they may have to look outside the organization to have a little support because the system that gets implemented that mostly just sits there, just ends up being a source of frustration for them, not even something that's helpful because it's sitting there. It's just a source of frustration.

Dolph Goldenburg: You know, as you've kind of said earlier, not only does it become a source of frustration, but it makes it harder to implement technology in the future because you'll now have naysayers who will remember, "Hey, we bought that system and look, we don't use it."

Peter Gross: Exactly. No, that's exactly right.

Dolph Goldenburg: Well, Peter, I cannot let you get away today without asking you my Off-the-Map question.

Peter Gross: Okay.

Dolph Goldenburg: This is a question that has really nothing to do with technology at all. It's just a way for listeners to get to know a little bit more about Peter Gross as a person and a human being.

Peter Gross: Okay.

Dolph Goldenburg: Now, obviously when I was trolling through your website, I noticed that you have several clients that are animal welfare groups, and you also mentioned in your bio that you love animals.

Peter Gross: I do.

Dolph Goldenburg: So, tell me about your passion for helping animals.

Peter Gross: Sure. So I can't say that I actually know where the passion comes from. I only know that since I was two or three years old (and my coworkers make fun of me for this) if an animal or a dog is walking down the street, I cannot avoid trying to interact with it. There is something about animals that just makes me feel calmer, makes me feel more connected. And it's not just true for dogs (and not that you see these walking down the street), but I want to do the same thing for cows and for chickens and for otters and for a deer, which they won't let me do obviously.

You know, my passion for animals is similar or at least is related to my passion for adoption of kids actually.

My wife and I have adopted two kids from China. We have adopted a dog that was actually from West Virginia, and we've adopted cats in the past.

Dolph Goldenburg: And now you have to tell me where the cats are from. You told me where the dogs are from. You told me where your two kids are from.

Peter Gross: So, the first cat we got in Michigan and the second cat we got in DC where they were born, there's no way to know, but at the very least, that's where we first met them. And then we got the dog, Buck, nine or 10 years ago. The campaign gets a lot of traction around adopt, don't shop. Just has a lot of resonance for me. My family volunteers for a local rescue here in Nashville and helping sort of helping them clean up the cattery and helping them sort of socialize some of the dogs that are there. As my wife will tell you, there is not a single dog that ends up on a picture that I don't want thus far. She's kept me to only one, but someday maybe when I'm retired, I'll have a little bit of land and have 10 or 15 dogs and become the next, what's his name? I can't think of his name, that guy with the TV show, The Dog Whisperer.

Dolph Goldenburg: Got It. Well, Peter, I have to say that I am truly impressed. Do you make the world a better place in your work life and you make the world a better place in your personal life?

Peter Gross: I appreciate that.

Dolph Goldenburg: If more people were like you, we would undoubtedly have a world that more of us would like to live in. So, thank you.

Peter Gross: Thank you.

Dolph Goldenburg: So, and also let me say thank you for talking with our listeners today about technology and nonprofits. Listeners, you can find Peter and his Build Consulting team at www.buildconsulting.com. There is a wealth of information there. As I mentioned, I've trolled through the website. I've watched some videos. I've read blog posts. It is definitely worth your while to check out his website, and while you're there, make sure that you sign up for his free newsletter. Hey Peter, thank you again for joining us.

Peter Gross: Thank you so much.

Dolph Goldenburg: And so, listeners, maybe you were trying to reboot your computer and missed Peter's URL. Head on over to www.successfulnonprofits.com and pick up all the information you need to get in touch with Build Consulting.

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