

Stanford SOCIAL INNOVATION^{Review}

Technology for Change Supplement
Grecian Urns and Trend Reports
By Chris Thomas

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Grecian Urns and Trend Reports

The value of a nonprofit is the presence and participation of its stakeholders and constituents. Technology creates the framework to make that value real.

BY CHRIS THOMAS

*"Beauty is truth, truth beauty,—that is all
Ye know on earth, and all ye need to know."*

As one might, I nominally think about *Ode On a Grecian Urn* when I look at trend reports. There's a lot of enigma in John Keats' lines, but the truth uncovered by data can indeed be a beautiful thing. Our minds grow calm as we see the quantifying evidence glowing before us, like golden bits of ore hinting at a rich vein of value. It's pleasing to say "aha" in our heads when we see the things we suspect become real in graphs and tables.

Each year, Salesforce releases our own report to better understand the role nonprofits have in serving their communities, what is shifting within the nonprofit space, and how technology supports organizations' ability to fund and run their missions across departments. This year, we are partnering with *Stanford Social Innovation Review* to cover the report—a snapshot of the modern nonprofit landscape—with a series of articles and videos featuring leaders from some of the world's most innovative nonprofits. *SSIR* is a valuable conveyor of how new technology and transformative thinking are changing the sector's landscape, and we are thrilled to present this content with this leading publication.

We asked 725 nonprofit professionals a series of questions to produce a survey view of the state of nonprofits in the 21st century. The responses came from leaders of every cause, role, and size, with 45 percent at the vice president level or above. We focused on six countries this year: Canada, France, Germany, Netherlands, United Kingdom, and the United States.

Three main themes emerged. First is the importance of *constituent-centric experiences*: people want to be involved, and to feel they are a part of the mission. Second is the rise of *data-driven culture and strategy*, as data and measurement enable connection in an increasingly digital world. Third is the impact of *change and adaptation*—the shifts ushered in with the introduction of new technologies can be as transformative as they are overwhelming.



CHRIS THOMAS

THE EMPOWERED CONSTITUENT

People want to be involved in nonprofit work. A full 74 percent of responding organizations (a 16 percent increase from last year) say that constituent interest has increased over the past five years. These are trying times, and people are motivated to act. Nonprofits offer a platform through which they can engage with issues and create change.

Of course, the services that organizations deliver are also increasing in demand as the impact of humanitarian, climate, and health challenges (to name only a few) begin to affect human lives. Seventy-five percent of organizations saw an increase in demand for their work, suggesting that playing fields are expanding in size and scope. While daunting, this could in fact be nonprofits' finest hour, and technology is key to an appropriate response. We will always have less than what we need when it comes to the scale of the problems we face, so we need to do more with less. Technology can help us reach more people and engage with them in quality ways. However, the gulf between what is needed and the desired solution remains wide, and we don't invest in our operations at the rate seen by our corporate cousins. So, while

85 percent of organizations say that technology is key to their success, 93 percent say they lack the tools and staff to effectively incorporate the benefits that tech offers.

They also lack expertise, with 75 percent stating that they don't know what to do in this ultra-complex environment. Indeed, it is a challenge. In my own work, I see some of the biggest organizations in the world struggle to adapt tools, train staff, and engender the cultural change necessary for seamless integration of the tech into the work. There is a lack of the skills necessary to interpret the results that come up on their screens.

Adding to this complexity, we found that expectations around transparency and trust are growing in constituents' minds. As technology continues to transform our world—including our social interactions, politics, media, and brand relationships—we want accountability from our businesses, governments, and nonprofits. The big-tech sector faces real challenges in winning back the trust of its customers and users, and in sorting out issues around transparency. Arguably, the nonprofit sector contends with a similar challenge. As our work moves even further into the digital space, our messaging, interactions, obligations, and opportunities begin to look more like big-tech than grassroots. The best and most successful organizations will cultivate deep relationships with their constituents, and this will require them to know who their best constituents are, engage them with respect and honesty, and provide meaningful experiences.

Technology enables people to participate in the missions of nonprofits, and in this light organizations become more like service providers—the connection between the individual and the mission—rather than the traditional legacy model, where organizations act on behalf of their constituencies. In this new model, trust and transparency are at the heart of an organization's viability. People want to do more than just give money. Each time they donate or sign or RSVP, they are raising their hands, saying, "Put me to work." They want to solve the world's problems as

a part of an organization they trust, value, and respect.

DATA CULTURE

Buy a nonprofit technology executive a drink, then ask them about data and impact. This will kick off quite an evening! Talking about data is like talking about the universe—it's everywhere, but it takes some big thinking to pin it down. We are interested in data because we are generating a lake of it when we turn on the machines that power a tech-forward nonprofit. We can then see how data-as-feedback serves as powerful content that furthers a constituent's journey. Imagine: Someone shares an online action, and you can track this share and algorithmically demonstrate how many new people signed up for the mission further down the line as a result of that one share. This is a simple thing to do, but it generates some powerful personal content.

We are also interested in data because it can help us make better strategic decisions. It provides the facts we need to argue for or against things. It lets us illustrate how an investment in technology impacts mission implementation and how it makes organizations more capable. We can be crystal clear about how we are saving the planet.

But like anything important and worthwhile, it's hard. We see that 47 percent of respondents are substantially or extremely challenged in capturing and managing accurate data on constituents, and only 51 percent of nonprofits actually measure their overall mission goals. And then we drop the other shoe: Only 44 percent of respondents say they measure their impact, and half of nonprofits report that it is challenging to gain insight from this data to make improvements. The result is that a whopping 73 percent of nonprofits can't tell if their programs are effective, and a full 75 percent of respondents say that measuring and reporting data is challenging. We need more learning, more best practices, more skills development, and more partnerships with sectors that know how to do these things.

Yet the overall picture is far from downbeat. I've been working in nonprofit technology for over a decade, and I can humbly attest that our sector has come a long way. Ninety-one percent of respondents say they are now using (or planning to use) a customer relationship management (CRM) system in some way, which is a big leap from the yesteryear of clipboards and event spreadsheets. The sophistication in working with technology has also evolved. When it comes to multichan-

nel engagement, 85 percent of responding organizations are now thinking about how to orchestrate a digital strategy across their websites, social media, and internet advertising. Raising awareness, capturing interest, and cultivating engagement are the underpinnings of a nonprofit's digital strategy. An important new era in organizational transformation will open up as programs realize the benefits of a connected mission woven together with an amazing data strategy.

NOTHING STAYS THE SAME

I am privileged to work with many nonprofit technology executives. Sometimes, we convene in rooms and eat boxed lunches and have nerdy discussions. One of my favorite moments—and it happens quite often—is, after a heated discussion about organizational realities, someone says (not without a touch of exasperation): “The technology is the easy part!” Then you know you have arrived at the change-management part of the conversation. Eighty-five percent of those surveyed say that they believe technology is the key to their success, while just 23 percent have a long-term vision of how to use tech within their organization. This is not a healthy situation. Boards and executive directors need to prioritize technology change management programs if they want to strengthen their organizations and accomplish their missions today and tomorrow. This includes introducing innovative thinking into their engagement efforts, crafting and communicating a strong vision that stakeholders can understand and see how it applies to their work, and prioritizing funding and management support for these efforts.

Even when nonprofits make the right technology choices, without change and adoption there can be little return on its promise. Today's most successful nonprofits embed technology in each strategy and personalize these experiences to their people and the realities of their lives. Instead of feeling like more work, such digitally enhanced experiences should feel like they do with technology at home: empowering and nearly effortless. Forty-five percent of organizations surveyed say that a lack of flexibility for organizational change prevents a strategic use of technology across departments. Another 45 percent say that lack of appropriate staff for this kind of work holds them back, and 93 percent say change management is a challenge that prevents their organizations from benefiting from new technology.

Furthermore, we need to reimagine funding. As long as information technology (IT) remains

a second-tier funding priority, we will continue to consider our digital efforts as operational, not strategic. All departments should understand the tech funding paradigm and how it applies to their own work. Moving IT budgets from an operational cost center to a separate strategy-focused budget is a good move, and indeed 43 percent of nonprofits say this is happening.

There are some positive indicators that show that organizations and departments that embrace technology are experiencing positive results. Eighty-six percent of fundraisers believe technology frees up their staff time for higher-value work. Thirty-one percent of those who use CRM for donor-relationship management exceeded their goals, versus 23 percent who met or fell short of goals, while 37 percent of those who used artificial intelligence exceeded their goals, versus 23 percent who didn't. Many organizations are expanding their use of technology, recognizing that changing constituent demographics require a refresh of their base. Accordingly, they are delivering tactics that appeal to younger audiences: 39 percent cite using peer-to-peer campaigns and 45 percent cite employing volunteers or volunteer referral management. Mobile is another important factor for digital-native generations: 86 percent of surveyed organizations say that “mobile is important to me” when it comes to fundraising activities. Thirty-one percent currently use mobile apps for constituents, and 32 percent use mobile apps for their employees.

Technology first attracted me at a young age because I was intrigued by how it connected people and changed the way we engage with the world. When I came to nonprofits later in my career, mission-based work seemed a perfect application of networked technology: it connects people, it informs and inspires them, and it creates transactional opportunities that build the power of the organization. The value of a nonprofit isn't quantifiable by a profit and loss sheet. The value of a nonprofit is the presence and participation of its stakeholders and constituents—things that stoke the power of the organization. Technology creates the framework to make this real, and tracks participation, aggregating it up to a real demonstration of collective value and power. Perhaps we are talking more about evolution rather than change. The paradigm has always been there: people gathering, acting, and wielding their collective power to effect change. Technology greatly enhances this model, scales it, and makes it evident and quantifiable. Change is hard, but isn't this powerful vision worth it? ●