

# **Precision Prospect Development**

## **How to Get a Seat at the Table**

### **And Be an Influencer**

Nathan Fay

Associate Vice President of Prospect Development

City of Hope

May 10, 2019

# Bio

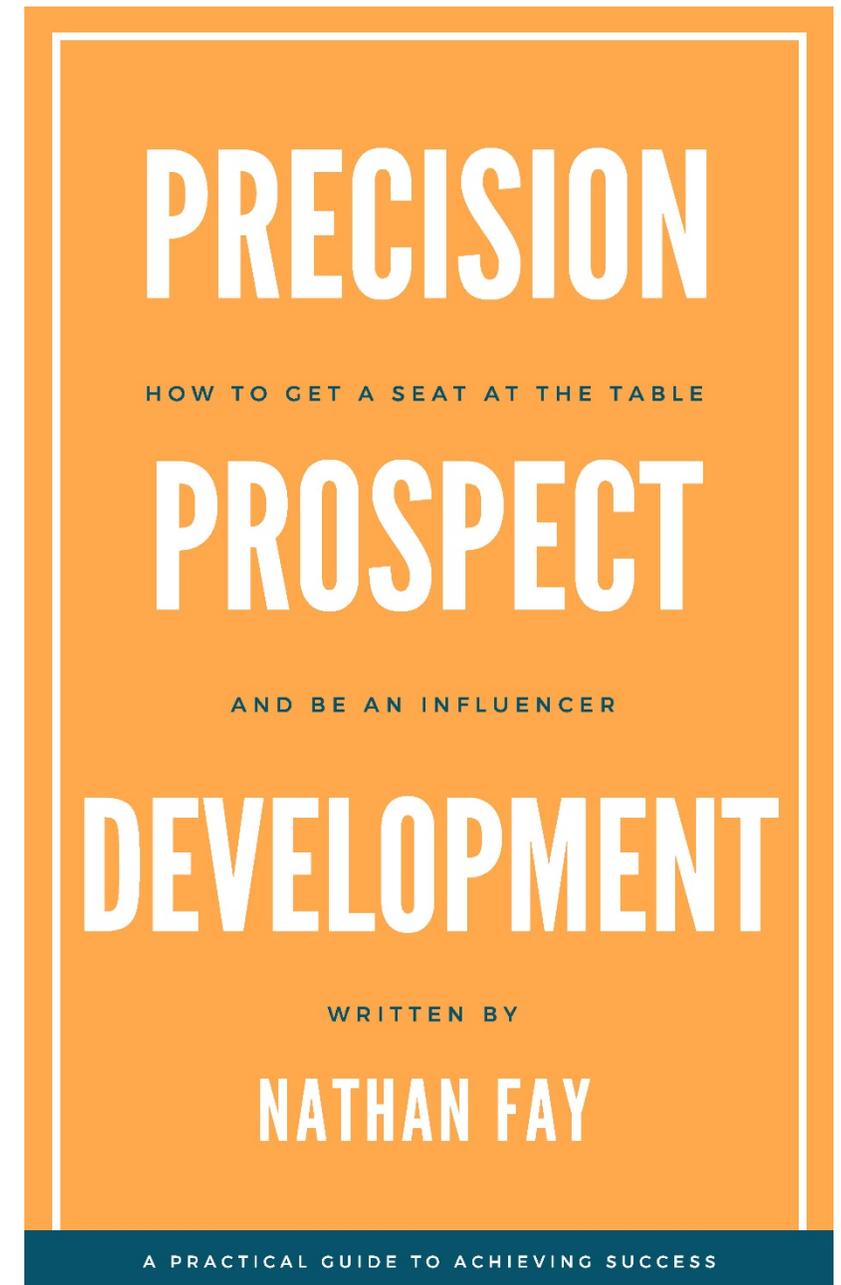
Nathan is a leading figure in the nonprofit industry and currently serves as Associate Vice President of Prospect Development at City of Hope, one of the nation's top National Cancer Institutes. Previously, he spent over 11 years in various roles at Stanford University, including 7 years as Director of Data Analytics and Prospect Research for the Children's Hospital.

In addition, Nathan is a sought-after speaker in management philosophy, business intelligence and artificial intelligence. He is a scholar of philosophical systems with an emphasis on applying philosophy and technology to create a more socially just society.

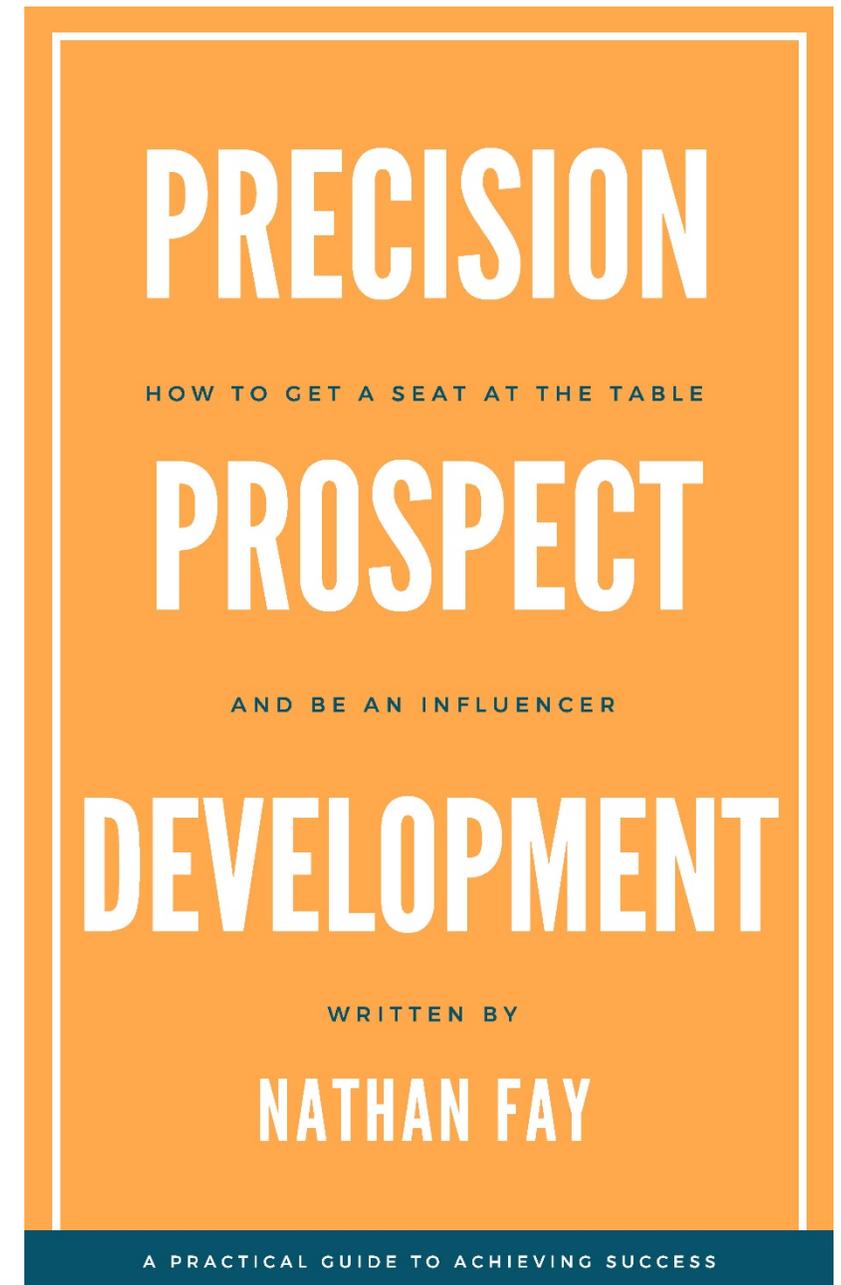
He coined the term "Precision Philanthropy" to refer to a future-state, cybernetic structure, that utilizes artificial intelligence technologies to dramatically enhance efficiency in the nonprofit sector. Nathan is the author of Precision Prospect Development. He currently serves on the Artificial Intelligence in Advancement Advisory Council.



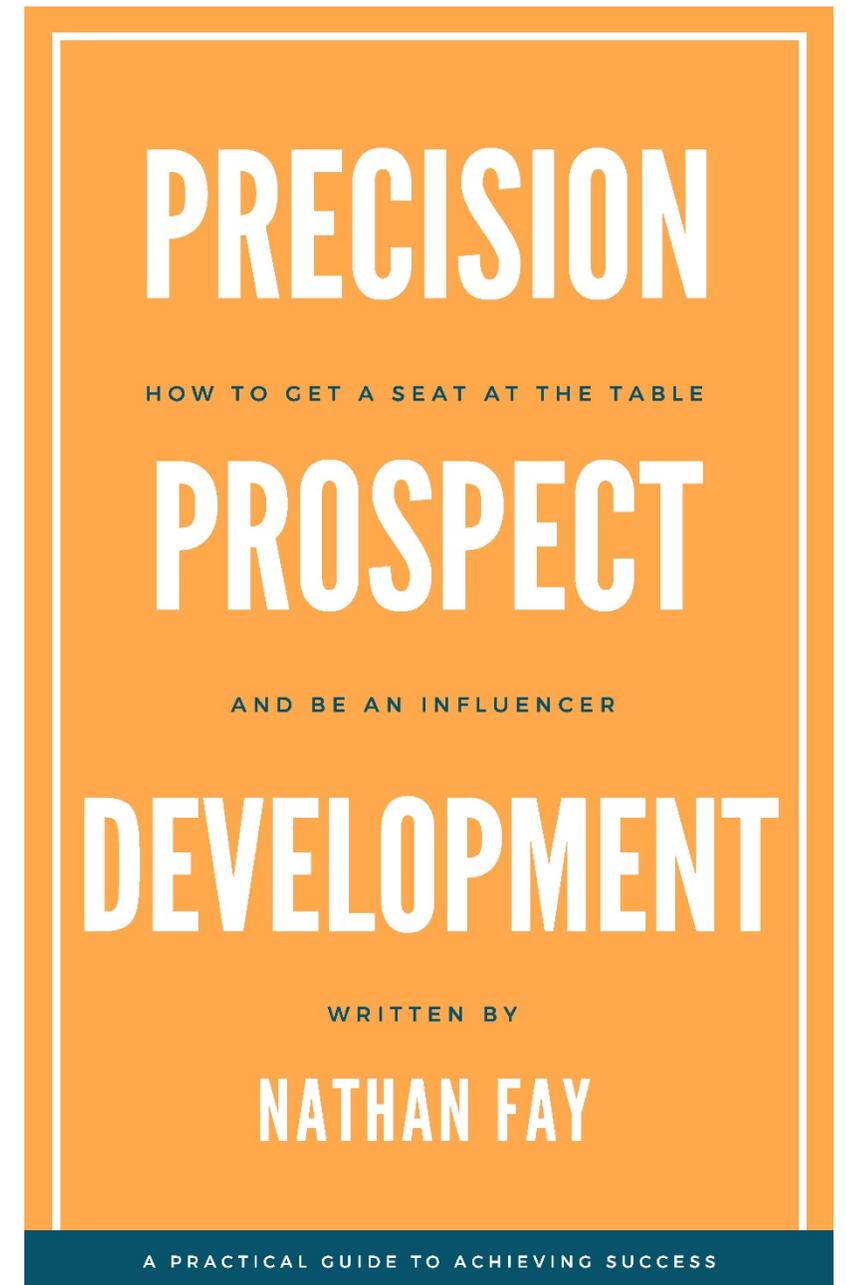
- Holistic approach to our profession
- Practical Guide for achieving success
- All about empowerment
- 66 Chapters
- Attempt to disrupt the nonprofit space and get us or due recognition, resources, proper place in hierarchy of our organizations.



**Precision Prospect Development** utilizes precision to build and maintain a connected, living, sustainable, cybernetic structure through which we collect, analyze and distill data into actionable intelligence to increase efficiency, solve business challenges, drive strategy and increase revenue.



- Underlying belief in the book is that we have the power to *transmute* our environment.
- We can make something out of nothing
- Turn negative into positive
- Turn positive into negative
  
- Always think BIG



# Prospect Development at City of Hope

Unique structure: Advancement Services + IT + Prospect Research/Management – gift processing/finance

## Business Intelligence

- Data Infrastructure
- Analytics
- Reporting

## Information Solutions

- Technology Integration
- Records Management
- Training

## Prospect Research

- Prospect Research Rating
- Research Requests
- Prospect Identification

## Prospect Management

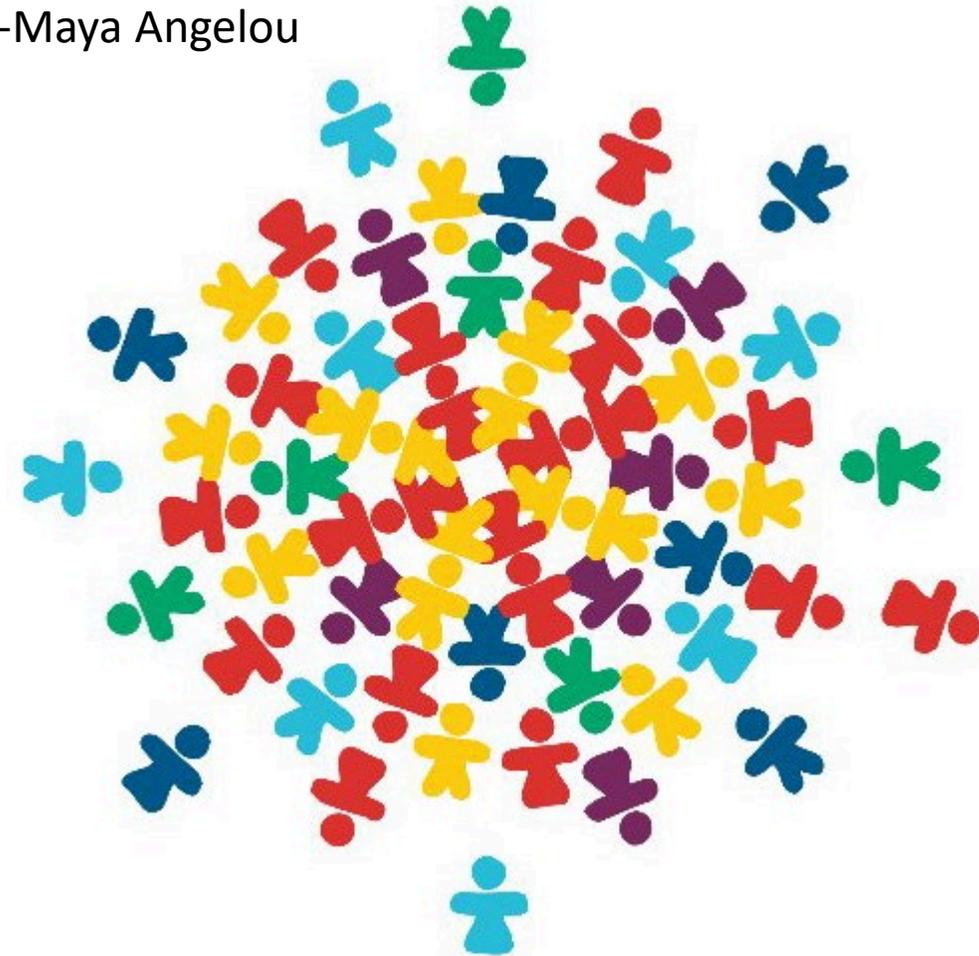
- Pipeline Management
- Portfolio Management
- Moves Management

# Superior Service: Relationship Business: Connectedness

“I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

-Maya Angelou

- As human beings we all seek connectedness. We are social creatures.
- When someone reaches out to you for help, they are making a connection.
- How you handle that connection will determine the direction and frequency of future connections.
- How should you cultivate connection with stakeholders?



# pre·ci·sion

*noun*

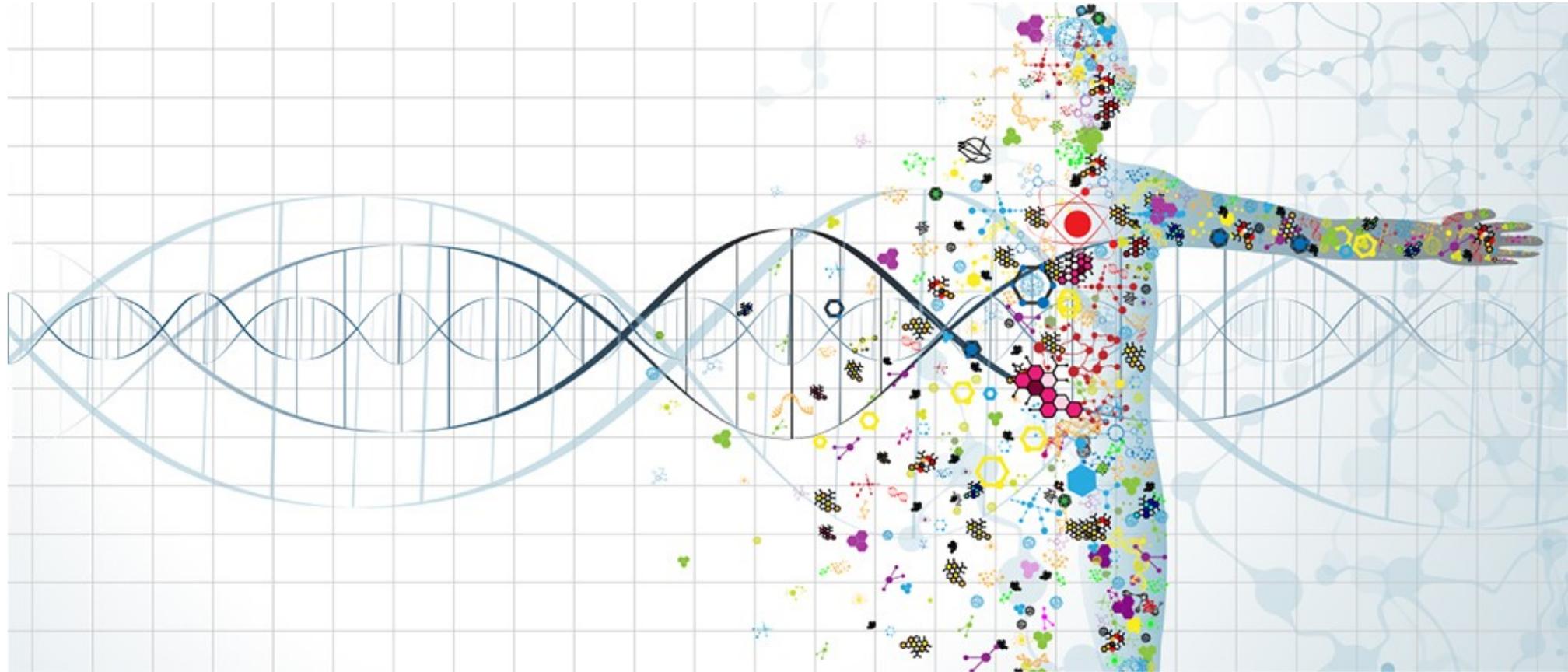
noun: **precision**

the quality, condition, or fact of being exact and accurate.

TECHNICAL

refinement in a measurement, calculation, or specification, especially as represented by the number of digits given.

Nature is the Embodiment of Precision: We are a part of nature



“It is the mark of an educated person to look for precision in each class of things just so far as the nature of the subject admits.”

- Aristotle

# Six Key Elements of Precision

- *The Who* refers to the people involved in the communication or activity.
- *The What* refers to the actual content of the communication or activity.
- *The When* refers to the timing of the communication or activity.
- *The Where* refers to location of the communication or activity.
- *The Why* refers to purpose of the communication or activity.
- *The How* refers to the way in which content is communicated or the way an activity is acted.

# Organization DNA

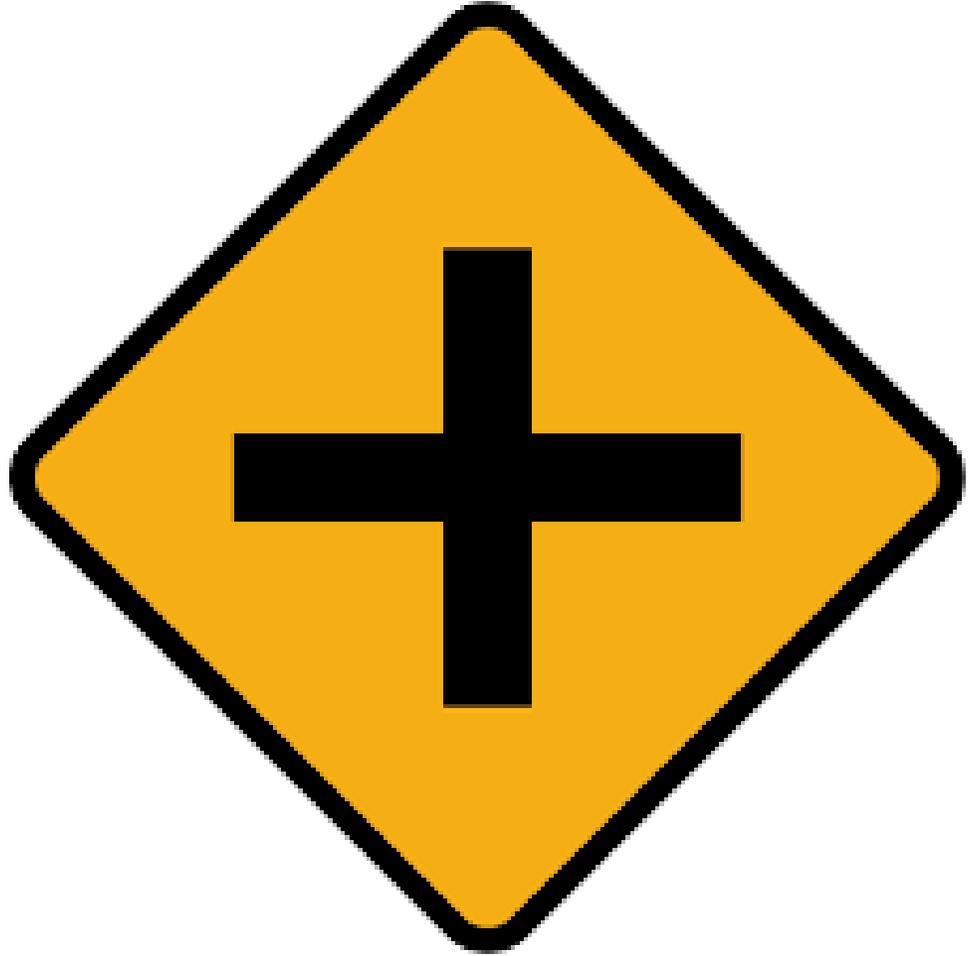
- Each non-profit organization is a living entity made up of a multitude of moving parts
- All of these elements combined together create the collective ecosystem within which each shop operates.
- Because we operate in this living collective environment, one size does not fit all when it comes to developing your prospect development program and implementing strategies.
- We must pay primary attention to all of the unique elements that make up our collective and align our activities in a way that speaks to the uniqueness of our organization and the uniqueness of each moment in time within our organization.

# Prospect Development Is In Prime Position for Influence



# Set Our Sights High and Think Big

- Entrepreneurial Mindset
- Transformative Thinking
- Proactive vs. Reactive
- Long View, Moonshot ideas
- Core Competencies, Fundamentals



# Think Like Senior Leadership

- What does success look like
- Thought Experiment: Put yourself in the shoes of a senior VP.
- Ask your leaders what keeps them up at night
- Try to learn the goals of your office (your leadership)

**What are your largest  
assets?**

# Data as an Asset (Infonomics)

*“Infonomics: The emerging discipline of managing and accounting for information with the same or similar rigor and formality as other traditional assets (e.g. financial, physical, intangible, human capital). Infonomics posits that information itself meets all the criteria of formal company assets, and, although not yet recognized by generally accepted accounting practices, increasingly, it is incumbent on organizations to behave as if it were to optimize information’s ability to generate business value.”*

Gartner IT Glossary

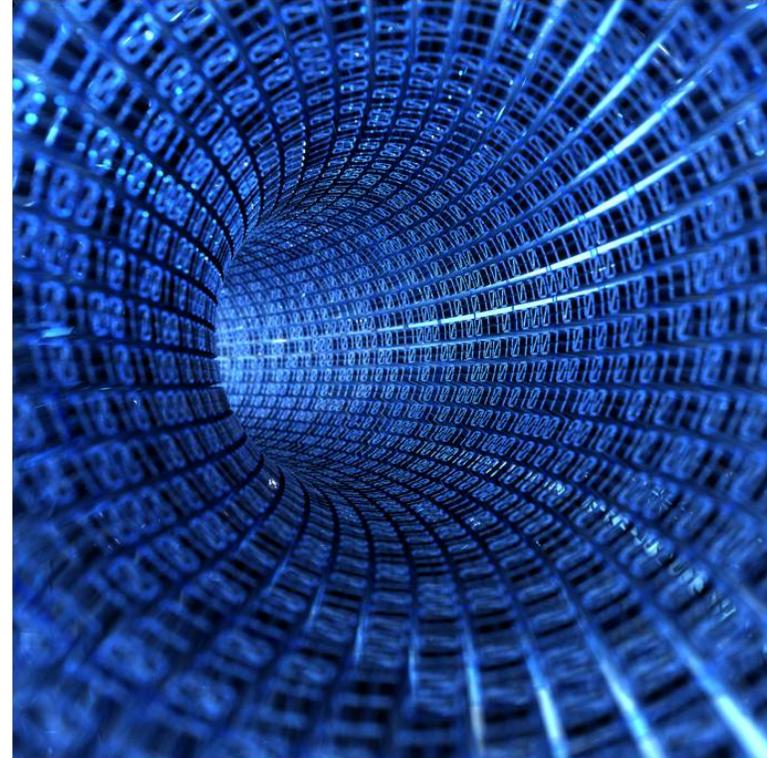
# DATA AS AN ASSET (INFONOMICS)

## Top Assets at a Nonprofit:

1. People (Employees, Donors, Volunteers, etc.)
2. Endowment
3. Brand
4. Mission
5. Data

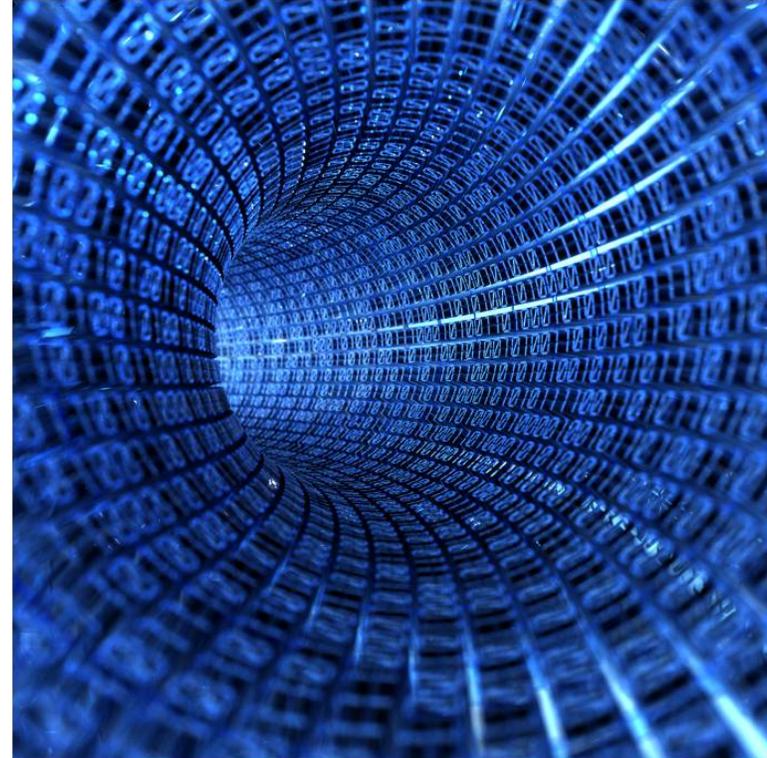
# DATA AS AN ASSET

- *Must be taken seriously*
- *Need for data philosophy/policy*
- *Value increases more collected + accessible*
- *Value decreases when not collected, not accessible*
- *Skilled Data Scientists are necessary in order to maximize realization of value*



# DATA AS AN ASSET

- *Must invest money in data in order to remain competitive in today's nonprofit economy*
- *Ability to harness the power of data will mean difference between success and failure.*
- *Highly paid sector in tech world*



# INSTITUTIONAL MEMORY

Database is main repository

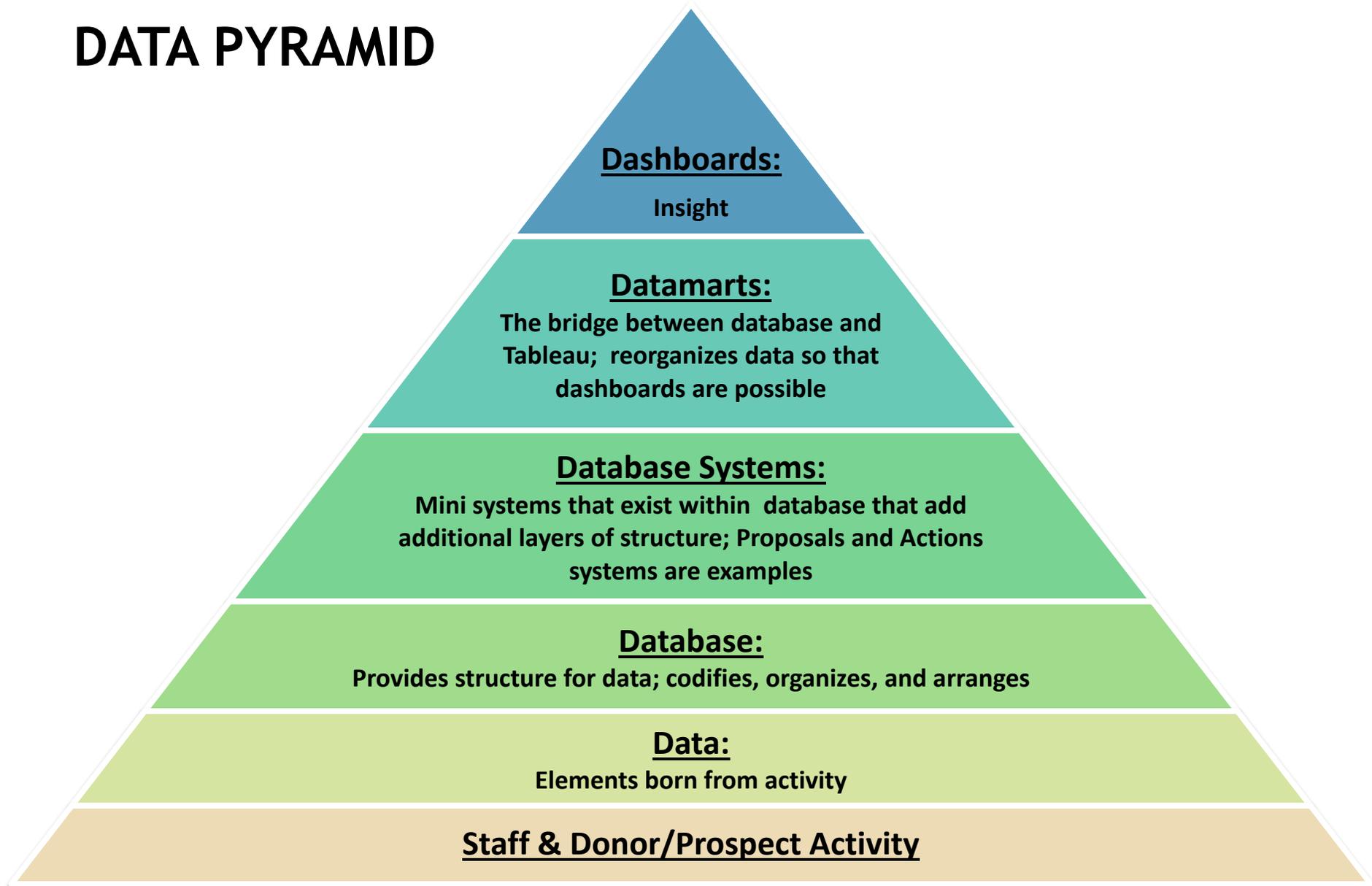
- It's powerful
- Combines collective experiences of many stakeholders into one location
- Can plug in and get benefit of years of experiences from multiple sources in one place

## Keys to Success

- Access
- Participation



# DATA PYRAMID



# Elevate Your Program With A DATA PHILOSOPHY

The Office of [Philanthropy] at [Organization Name] values its data. It **understands the impact data has on its operations.** We apply the appropriate resources necessary to ensure that its data be **robust, reliable, accessible,** and **secure.**

# DATA PHILOSOPHY

- **Training**
  - Every employee will successfully **complete** the requisite database **training** for their position.
- **Ownership**
  - Each department will **take ownership** over their data.
- **Record and Optimize**
  - Each department will **vigorously record their data in the database**, and, with the help of Prospect Development, ensure that its **systems are optimal** for recording and reporting.



# Add Value

- When distilled down to their essence, all jobs in philanthropy share the same core principle: *to add value*.
- To increase your worth, increase your value proposition.



# Add Value

*What does your organization value the most?*

- Make sure that you are conducting your business in a way that is hyper-focused on these values.
- What is rewarded is what is valued.
- As you look into what your organization values, also look into what types of activities or outcomes or behaviors that your organization rewards.

# Let Their Goals Be Your Guide

- Allow the goals of your fundraisers to guide you on your projects
- Set up an annual goal meeting to go over the goals of your fundraisers with them and align yours with theirs
- Set your work to ensure positive impact on what matters most to your fundraisers
- Deliver data that will impact their bottom line

# Remain Hyper-Focused on Value

“What kind of value is this project going to add? Is this the value that is most needed and/or valued by the organization?”

- *Project Value Litmus Test*

# If No One Uses it, it Can't Have an Impact

- Goal is to have an impact.
- Must exert effort and strategy into ensuring adoption.
- Make sure to allocate enough time into your engagement strategy.



# Our Value is Misunderstood

- It can be hard to pin down our value
- We are not as obviously tied to revenue generation as fundraisers
- We must take initiative to display value



# Revenue Reigns Supreme

- We are all fundraisers
- We must set our sights on the bottom-line.
- Bottom-line thinking must always be at top of our minds.
- Align our work as closely as possible to gifts. 2<sup>nd</sup> degree.



# Prospect Development as Revenue Generator

*The activities of a prospect development department allow for:*

- 1. more revenue to be generated per fundraiser*
- 2. more fundraisers to be hired to generate revenue*
- 3. creation of cost saving efficiencies*
- 4. maximize value of resources*



# Prospecting is of Prime Importance

*It's all about the pipeline.*

*Remain laser focused on getting viable prospects into the hands of your fundraisers accompanied by a flow of actionable intelligence that keeps prospects moving through the cultivation cycle.*

*It's as simple as that.*



# Think Like a Fundraiser

- Learn as much as you can about fundraising
- Thought Experiment: Put yourself in the shoes of a fundraiser.
- If you don't know what it is like to solicit a gift, how can you be sure that what you are providing as support is what is truly needed?
- If you don't engage with your fundraisers, how can you learn what they need in order to help propel them to success?

# Our Value Proposition: How to Get Paid Like a Fundraiser

“Do not simply tell me you are valuable. Demonstrate your true worth and you will be rewarded in accordance with your value.”

- Average Researcher/Data Scientist can typically support between 5-25+ fundraisers. Let's say the average is a 9/1 ratio.
- Our work has a direct impact on revenue generation. Can be calculated into a percentage of total revenue per fundraiser.
- If you were to take a 9 fundraisers to every 1 data professional model and selected 33% as the percentage of revenue generation tied to work of data professional, then the value of 1 data professional is equal to that of 3 total fundraisers in terms of revenue generation.
- ***(percentage of revenue impact) x (fundraiser count) = value of data professional***

# Balance is Key

*(percentage of revenue impact) x (fundraiser count) = value of data professional*

*The more balanced our ratio of fundraiser to data professional, the more revenue each fundraiser can raise.*

*The faster we can build a pipeline for new fundraisers to be hired to generate new streams of revenue*

# Value Everything

“Everything you do has a value. Determining the actual value of each thing is vital to be able to precisely proportion the appropriate amount of energy to be allocated to each thing.”

- PPD

- Start small. There is no need to value everything all at once. Begin valuing each thing you do and eventually you will build out a portfolio of valuations.
- For example, what is the actual value of a research rating? What is the value of employment information? What is the value of education information? What is the value of an email address? What is the value of a particular record?
- Balance this out with a determination of the cost of each activity. If you are able to determine the value of some of your key activities, you can then know where to spend your time, if you know where to spend your time, then you can spend your time wisely, make informed decisions, drive for greatest impact, and bring in maximum dollars in the door. You will understand your costs/value ratio and be able to direct your resources for maximum ROI.

# Value Everything

## Pipeline Capacity

| Rating               |                                     | Method       |
|----------------------|-------------------------------------|--------------|
| \$100M+              | \$17,400,000,000 (174)              | (All)        |
| \$50M-\$99.9M        | \$4,470,000,000 (60)                | Fundraiser   |
| \$25M-\$49.9M        | \$2,097,200,000 (56)                | (All)        |
| \$10M-\$24.9M        | \$2,303,400,000 (132)               | Patient Type |
|                      | \$122,150,000 (7)                   | (All)        |
| \$5M-\$9.9M          | \$670,500,000 (90)                  | is Donor     |
|                      | \$417,200,000 (56)                  | (All)        |
| \$2.5M-\$4.9M        | \$466,200,000 (126)                 | Rating       |
|                      | \$499,500,000 (135)                 | (All)        |
| \$1M-\$2.49M         | \$652,630,000 (374)                 | City         |
|                      | \$926,595,000 (531)                 | (All)        |
| \$500K-\$999K        | \$203,114,500 (271)                 | County       |
|                      | \$1,189,456,500 (1,587)             | (All)        |
| \$250K-\$499K        | \$143,433,500 (383)                 | State        |
|                      | \$2,354,481,500 (6,287)             | (All)        |
| \$100K-\$249K        | \$130,351,500 (747)                 |              |
|                      | \$6,489,829,500 (37,191)            |              |
| \$50K-\$99K          | \$33,003,500 (443)                  |              |
|                      | \$6,322,219,000 (84,862)            |              |
| \$25K-\$49K          | \$7,326,000 (198)                   |              |
|                      | \$6,321,598,000 (170,854)           |              |
| \$<25K               | (1,013,971)                         |              |
| Research Not Rated   | (240)                               |              |
| No Rating            | (446)                               |              |
| Spouse/Partner Rated | (491)                               |              |
| <b>Grand Total</b>   | <b>\$53,220,188,500 (1,319,712)</b> |              |

■ Research Rating  
■ WealthPoint  
■ N/A  
■ Total

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# Precision Prospect Development:

## Ushering in the Era of Precision Philanthropy

Nathan Fay

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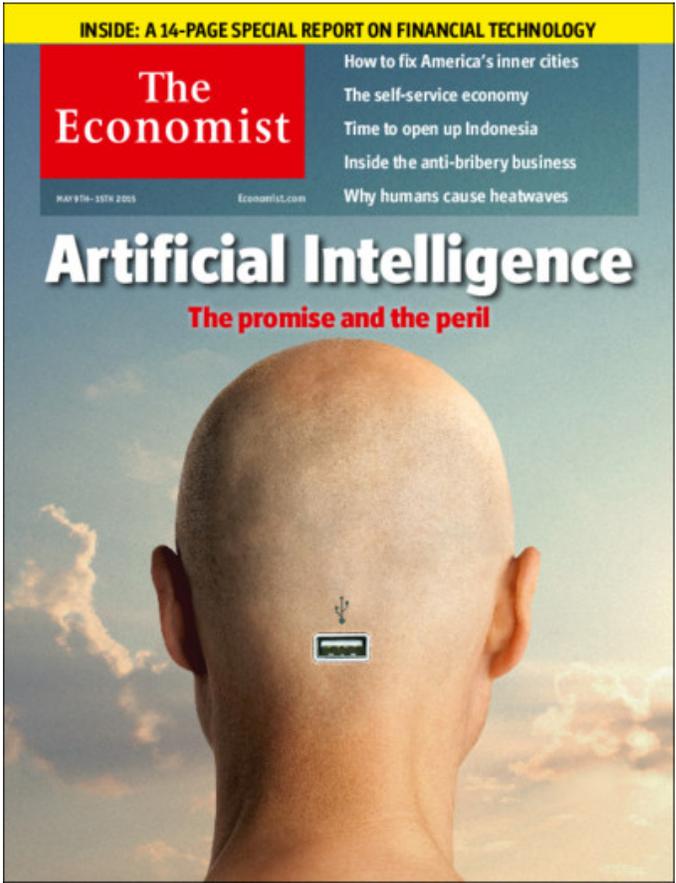
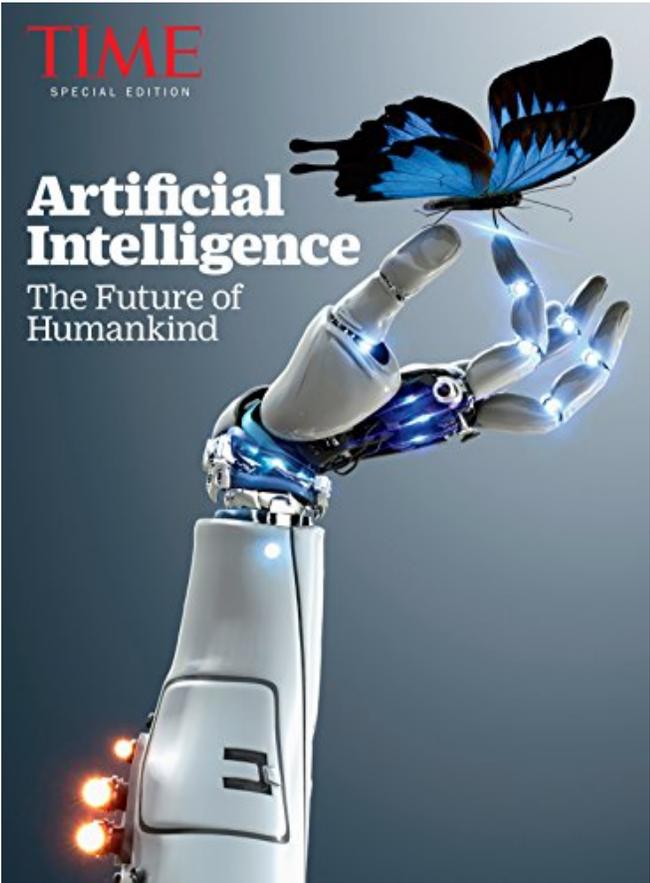
# What is Precision Philanthropy?

Precision Philanthropy utilizes Artificial Intelligence technologies to unlock generosity and align individuals with nonprofit missions at the intersection of passion and purpose.

# Why Precision Philanthropy?

- We are at a pivotal moment in our industry
- Increased need for efficiency
- Increased competition for funding
- Changing Landscape
- Need for more personalization at scale

# Artificial Intelligence



# Data is the Foundation of AI

artificial intelligence (umbrella term)

noun

the theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.

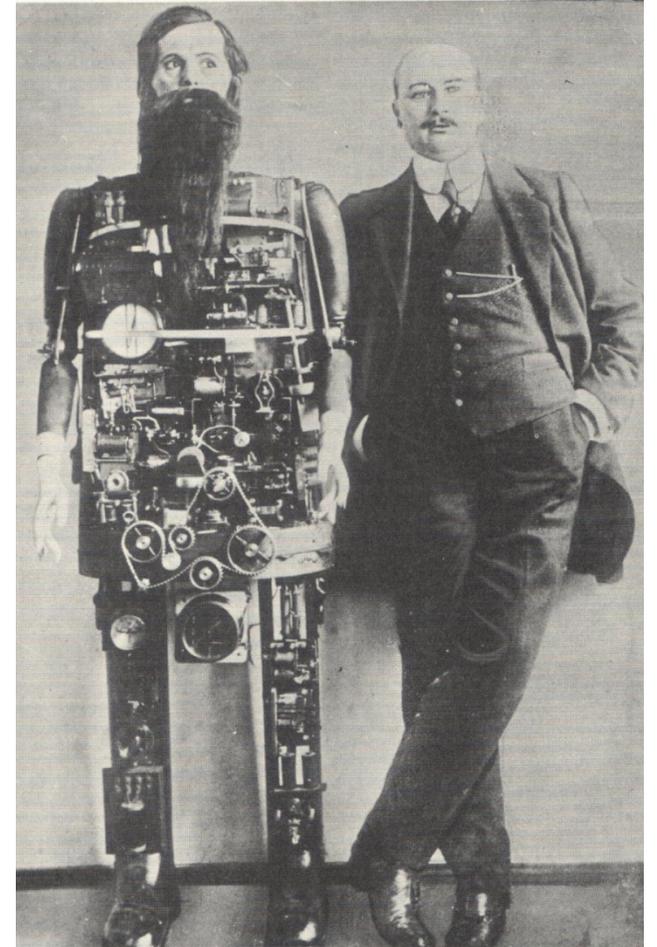
# Data is the Foundation of AI

**Machine Learning** is the scientific study of algorithms and statistical models that computer systems use to effectively perform a specific task without using explicit instructions, relying on patterns and inference instead. They make decisions based on data.

**Natural Language Processing** is concerned with the interactions between computers and human (natural) languages, in particular how to program computers to process and analyze large amounts of natural language data.

# History of Artificial Intelligence

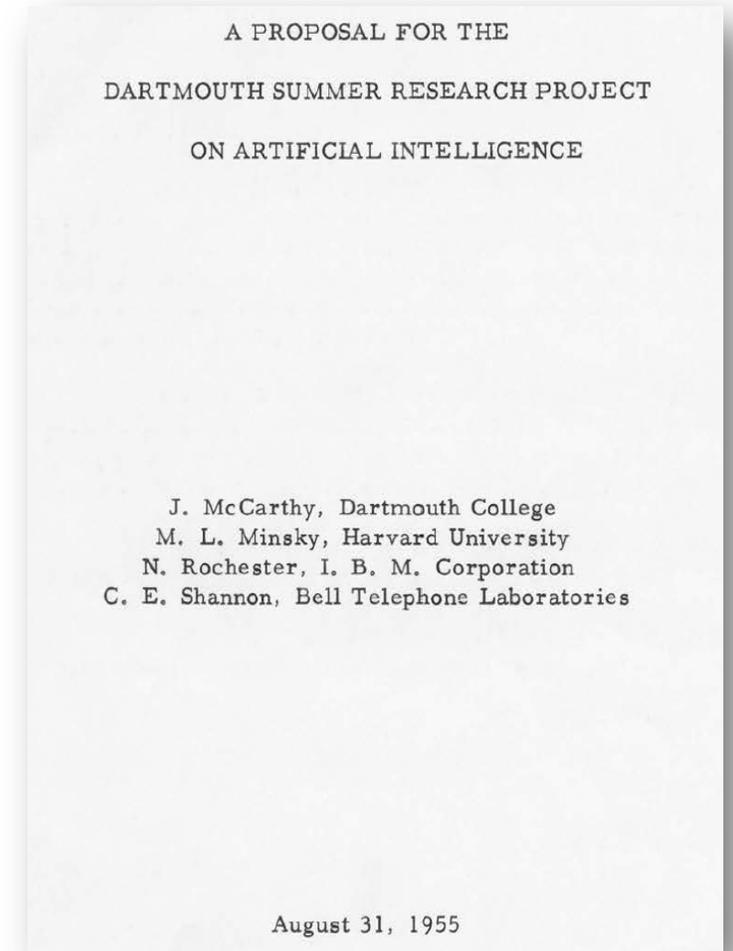
- Idea of Artificial Intelligence is as ancient as humanity
- Talos – Bronze figure come to life forged by Hephaestus
- Philosophers ponder seemingly mechanical nature of thought and logic for centuries
- Early 20<sup>th</sup> century fascination with Robots



## Birth of “Artificial Intelligence”

Term “Artificial Intelligence” coined by John McCarthy in the 1955 proposal for funding from the Rockefeller Foundation

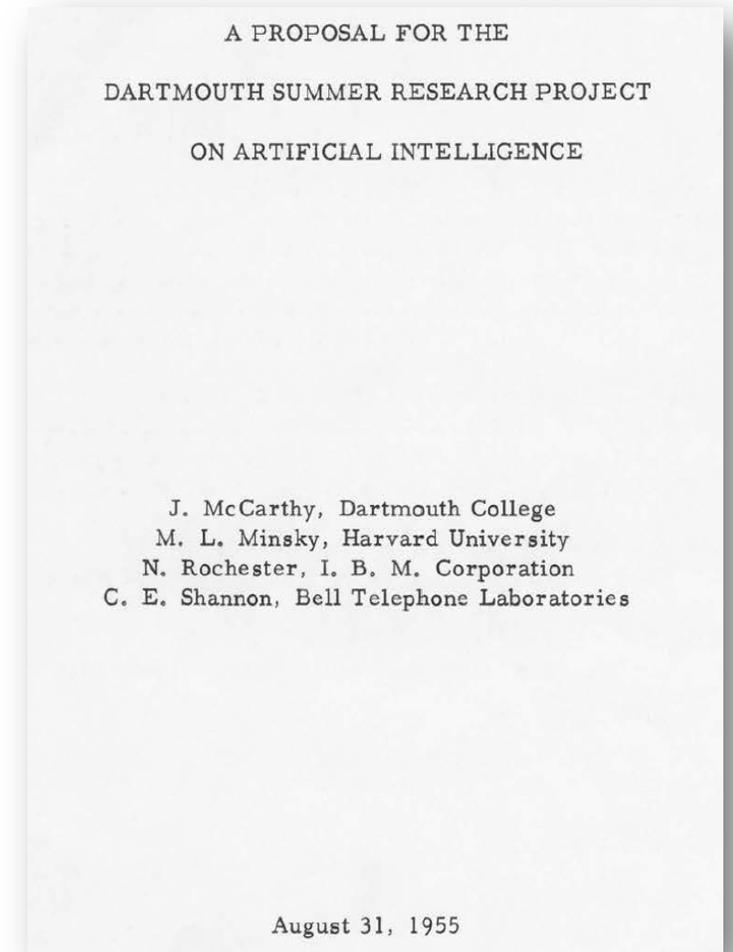
*“The study is to proceed on the basis of the conjecture that every aspect of learning or any other feature of intelligence can in principle be so precisely described that a machine can be made to simulate it.”*



# Birth of Artificial Intelligence

Sought \$13,500 but received \$7,500

*“I hope you won't feel we are being overcautious but the general feeling here is that this new field of mathematical models for thought, though very challenging for the long run, is still difficult to grasp very clearly. This suggests a modest gamble for exploring a new approach, but there is a great deal of hesitancy about risking any very substantial amount at this stage.”*



# Artificial Intelligence For Profit

- Driving cultural and behavioral changes beyond our ability to measure
- 70%+ of video watch time now driven by algorithmic recommendations

The Amazon logo, featuring the word "amazon" in a bold, black, lowercase sans-serif font. A yellow curved arrow starts under the letter 'a' and points to the right, ending under the letter 'z'.The Yelp logo, consisting of a red starburst icon to the left of the word "yelp" in a bold, black, lowercase sans-serif font.The Netflix logo, featuring the word "NETFLIX" in a bold, red, uppercase sans-serif font.

*“In the sphere of business, AI is poised to have a transformational impact... the bottleneck now is management, implementation, and business imagination.”*

*- Eric B. and Andrew M,*

*The Business of Artificial Intelligence*

# AI in the Philanthropic Sector?

Beginning to see AI incorporated into how nonprofits fulfill their mission, but we are not seeing nearly enough adoption or exploration or investment

- In delivery of services
- Automation
- Operational Efficiencies
- Lead Generation
- Portfolio Prioritization
- Research

# Six Key Elements for Precision

- *The How*
- *The What*
- *The Who*
- *The When*
- *The Where*
- *The Why*

# Philanthropy Problem

“To give away money is an easy matter and in anyone’s power. But to decide to **whom** to give it and **how large** and **when**, and for **what purpose** and **where**, is neither in every individual's power nor an easy matter.”

*-Aristotle*

# Fundraising Problem

“To raise money is an easy matter and in any nonprofit’s power. But to decide to **whom** to ask and **how large** and **when**, and for **what purpose** and **where**, is neither in every nonprofit's power nor an easy matter.”

# The Internet's Solution



"Helping you give wisely to charity."



# How can Artificial Intelligence Help?

*A computer should “never ask the user for any information that it can auto-detect, copy, or deduce.”*

*- Eric Raymond*

*Our technology and data must work for us and in conjunction with us if we are to thrive moving forward*

# The Segment of One

“Generalities do not exist. There is no they. There is only I.”

- All about the distillation of data into actionable intelligence that is precisely pinpointed to match prospects with a programmatic pathway.
- A ***programmatic pathway*** is a tailored, personalized, approach that addresses the uniqueness of each individual or group in the constituent base and shapes the approach to match the uniqueness in any given environment and for any given desired outcome.
- A ***programmatic pathway*** is lined with next best actions that lead to the desired outcome. This is like a decision tree where the specific data of each prospect determines the next best action that is taken at any given time. There is no one size fits all or static model that will dictate what to do to everyone to achieve the best overall results.

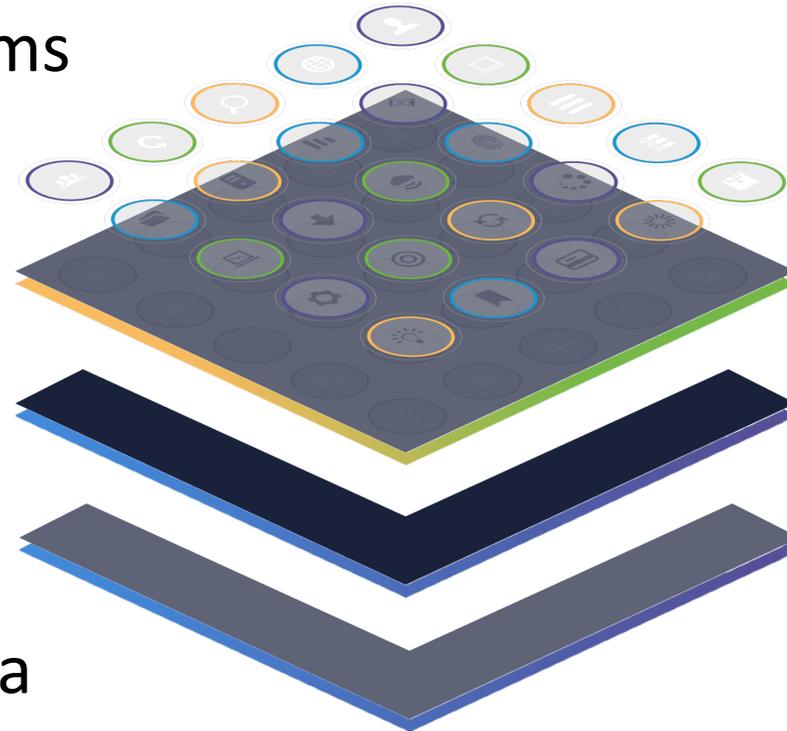
# The Living Model

“As our data changes, so too should our strategies.”

- What if our predictive models were alive?
- What if our predictive models were self-correcting?
- What if they learned from their results and constantly evolved?
- What if they gave feedback on how they performed?
- What if they adjusted to the presence or absence of data elements in any given record?
  
- As we move into the era of precision philanthropy, we will cast away the static model of old in favor of the living model.
  
- Through the integration of machine learning into our platform, we will breathe life into our models and achieve even greater results. The models will grow more precise and sharper over time and in turn increase effectiveness.

# The Platform

- What are we building?
  - Series of interconnected systems
  - Blended together as if one
  - Utilize artificial intelligence
  - Data
    - Analytics/Algorithms/Persona
  - Data Collection
  - Structured + Unstructured Data
  - Open all Channels of input
  - Open all Channels of output



# The Platform

- What are we building?
  - Breathe life into the database so that it can talk back and tell about each and every constituent in the database and what to do with each of them at any given time.

Next

Best

Action



# Precision Philanthropy

- Utilizes *the platform* of technology and talent built by Prospect Development to optimize the donor experience through having a living strategy and plan of action (next best action) for each and every constituent in the Constituent Database at all times that changes in real time as the data changes.
- Combination of automated and manual personalization.
- All units work in synergy together and are integrated into each other so that the needs and priorities of the organization and donor supersede those of any one individual or department. The donor experience is maximized for greatest impact.

# Take Stock

- Have you or your fundraisers ever taken stock of all of the resources that you have available to uncover prospects and move them through the solicitation cycle?
- Do your fundraisers know who and what they have at their disposal to engage their portfolio and raise gifts?
- Do they know where they fall short or where they have strengths?
- The following exercise is one of the most valuable that you can go through with your fundraisers. The outcome will be the creation of a decision tree matrix that matches resources with prospects to unlock more relationships and gifts. The outcome will form the foundation of *the Platform*.
- How you answer these questions will be determined by your unique organization and what you have available at your disposal. You may find that through doing this exercise there are areas of weakness that need to be strategically worked on and built out.

# Take Stock

- What are your potential resources that you can use to move prospects through the solicitation cycle? Who can help? What can help?

## Examples of Who:

Board Members

Key Volunteers

Key Donors

Key Faculty

Key Staff

Key Employees

Your Network

Colleagues/Other Fundraisers

Prospect Development

## Examples of What:

Database

Phone

Internet

Email

Periodicals

Vendor

# Take Stock

What are your possible outreach methods? What are your next best actions?

| <b>Actions can be performed by:</b> |
|-------------------------------------|
|                                     |
| <b>You</b>                          |
| <b>Someone else</b>                 |

| <b>Examples of some Potential Outreach Methods:</b> |
|---|
|   |
| <b>Invite to Event</b>                              |
| <b>Invite to Small Dinner</b>                       |
| <b>Invite to Tour</b>                               |
| <b>Email</b>  |
| <b>Letter</b>                                       |
| <b>Phone</b>  |
| <b>In-Person</b>                                    |
| <b>Survey</b>                                       |
| <b>Peer Screening</b>                               |

# Take Stock

What are the key data elements that you can use to match your resources to your prospects?

Internal Data

External Data

**Some Examples (Include information from both spouses for all fields):**

**Research Rating**

**Job Title**

**Company**

**Industry**

**For Profit Board Memberships**

**Nonprofit Board Memberships**

**Alma Mater**

**Degree**

**Degree Year**

**Interests**

**Children**

**Children School**

**Relationships**

**Some Examples:**

**Social Media**

**Credit Card**

**Census**

**IRS**

**Other**

# Take Stock

- What are the key data elements that can help to determine next best action?

## Internal Data

**Some Examples (Make sure to include all information from #3 as well):**

**Research Rating**

**Last Gift Date**

**Last Gift Amount**

**Last Gift Fund**

**Lifetime Giving**

**# Of Gifts**

**First Gift Date**

**Gifts to Other Institutions**

**Data Elements that link to your unique organization**

## External Data

**Some Examples:**

**Social Media**

**Credit Card**

**Census**

**IRS**

**Other**

# Take Stock

- What are the various programs and/or gift opportunities and/or volunteer opportunities you have available?

| <b>Department Examples</b> | <b>Gift Examples</b> | <b>Volunteer Examples</b> |
|----------------------------|----------------------|---------------------------|
| <b>Annual Giving</b>       | Recurring Gift       | Peer Screening            |
| <b>Planned Giving</b>      | Estate Gift          | Event Host                |
| <b>Corporate Giving</b>    | Gift in Kind         | Museum Docent             |
| <b>Foundation Giving</b>   | Grant                | Hospital Greeter          |
| <b>Major Giving</b>        | Gift of Securities   | Volunteer Solicitor       |
| <b>Principal Giving</b>    | Named Gift           | Board Member              |
| <b>Stewardship</b>         |                      | Committee Member          |

# AI Journey @ City of Hope

## Where to start?

- **What problem are you trying to solve?**
- Buy-in by leadership
- What are your internal or external resources?
- Do you have internal talent?
- What is your timeline?
- What is your budget?

# AI Journey @ City of Hope

Do you have data?

- Structured, unstructured?
- Internal, external?
- Data blending?
- How much, how long? Data health?
- Timeliness and consistency?

# AI Journey @ City of Hope

- Identifying features
- Training the machine
- False points and need to validate

# AI Journey @ City of Hope

## Our ML Models:

- Grateful Patient
- Major/Principal/Transformative Giving
- Planned Giving

## **In Closing**

Through more adoption of AI technologies, the nonprofit sector can unlock generosity in ways never before seen and ensure that AI is being harnessed as much as possible to help solve challenges and move society and civilization forward in a positive direction.

# Unlimited Potential

“We exist as pure potential.”

- PDD

