**Andrew Olsen** [00:00:01] Hey, everyone, this is Andrew Olsen with the Rainmaker fundraising podcast. I am really excited to be sitting down today with Gabe Cooper, the CEO of Virtuous Software.

**Andrew Olsen** [00:00:09] He's also the host of the modern nonprofit fundraiser podcast and author of the book Responsive Fundraising. Gabe, welcome to the show, man. Yeah.

**Gabe Cooper** [00:00:16] Thanks so much for having me. It's a pleasure.

**Andrew Olsen** [00:00:18] I'm really looking forward to talking with you today about this this idea of yours around responsive fundraising. But before we get into that, take a few minutes. Tell us a little bit about yourself and about the Virtuous Software.

**Gabe Cooper** [00:00:29] Yeah, it's great. So, you know, father of five kids. So it's a little bit rowdy at my house right now and depending on where this podcast are, we're still there, plain covered quarantine mode. And so that's kind of my mentality in the world right now. I've been around a nonprofit, tech and nonprofit fundraising for 15, 20 years, a long time. And Virtuous is a marketing and CRM and online giving platform that's helping nonprofits raise more money, create more good in the world. And so really we'll talk about responsive fundraising, but we really think of it as the response of fundraisers growth platform.

**Andrew Olsen** [00:01:09] All right. So now I really want to get into this. It's interesting to me in your space.

**Andrew Olsen** [00:01:16] Know most of the other firms that do CRM work never lead by saying they're a marketing company, as you said that my ears perked up. OK. This is different already. Let's start with the basics. Tell us what responsive fundraising is and why nonprofits should want to do it.

**Gabe Cooper** [00:01:36] Yeah, that's a great question. We think that the world that nonprofits fundraise in has fundamentally changed in the last 15 years. Let's call it. Most of you and I are our communication for our favorite brands right now is hyper personalized. So, you know, I'll go downstairs and because I watched, you know, Peaky Blinders on Netflix. Netflix is going to recommend two or three shows to me. My wife, my wife watched The New You and of Green Gables show whatever it's called. And so it's going to recommend. Pride and Prejudice to her. Netflix knows everything about me. Spotify knows everything about me. Amazon knows everything about me. I guarantee you I have three push notifications and two emails asking me to buy clothes right now. And the guys wearing the clothes will be middle aged in grain, just like me. It's every communication I get is hyper personalized to me. That's the world we live on. It's all based on our personal preferences, our tribe, our community, how we sort of identify ourselves. Unfortunately, nonprofits haven't kept up with this trend. So most nonprofits are still relying massively on on primarily on sort of spray and pray marketing, which is less blast everybody in our donor file with the same e-mail newsletter or less than everybody. Our November appeal. And the problem is it's there's this growing gap now between donors that expect personalized connections. They expect to be known, they give because of what their friends are doing. Right. And because we've always given relationally based on our friends. Yet nonprofits are still doing largely impersonal sort of mass marketing. And so responsive fundraising is all about closing that gap. It's helping nonprofits use modern tactics and technology to connect with each donor personally. Right. So based on, you know, the donors preferences or passions or their giving capacity or largely based on their behavior. So if they, you know, send up particular signals in the digital world or in any event or on social media, you should be able to listen to those and respond personally, just like Amazon does. And so that's why we're helping nonprofits deal with the response.

**Andrew Olsen** [00:03:44] So one of the things I was reading through the e-book that you will have on your Web site and you know, I I noticed that you said in there that we've seen a 25 percent decrease in the number of low and mid-level donors over the last decade.

**Andrew Olsen** [00:04:00] Is that all about this issue of the disconnect between the consumer experience and the donor experience? Do you think? Do you see that that's worse or better within a certain demographic? Or is it as bad across the board?

**Gabe Cooper** [00:04:14] Yeah, it's good. There's Nicholas Allen Jr. in his book and several others have laid out why they think this is happening. And so there's a lot of thoughts.

**Gabe Cooper** [00:04:24] I think non-profits are quick to dismiss it as like, oh, the economy is changed or tax laws changed or something about daps donor advised funds or just these kind of pat responses. But the reality is this problem of us losing all of our low and mid-tier donors started really accelerating in about 2008 and it's been increasing every year since 2008. So there's two reasons we think it has a lot to do with how personal working with donors. One is you look at 2008, that's the year the iPhone was invented. So you have iPhone, Facebook, Twitter, hyper personalized news feeds, platforms like mercato for marketing automation. All of this personalization started happening at about 2008. So that's one thing. The other thing is you just look at the research like guys like Adrian Serjeant that research this stuff all the time say that donors stop giving because they're getting very impersonal messages that nonprofits aren't able to be transparent and close the loop with donors in a way that builds trust and that sort of lack of trust and personalization, especially in a time when we're less trustful of institutions than we've ever been. It creates this massive disconnect. So that's why we think that this growing, sort of disappearing low and mid-tier donor base is really about how personal we're being with donors.

**Andrew Olsen** [00:05:49] So we'll see. You know, it sounds to me like as we're thinking about this. I question that, and I suspect that that some of the nonprofits that we both work with and others in the market would say, well, wait a minute, you know, we've had tried and true things that have worked forever. Right.

**Andrew** [00:06:14] And and to just completely throw those out for a different model. Sounds really risky.

**Andrew Olsen** [00:06:21] So, you know, I don't think that's what you're what you're suggesting. But talk a little bit about that, because I think there are people who when they hear the kind of concept you're talking about, get really concerned that that means you're throwing everything out that's worked before.

**Gabe Cooper** [00:06:33] Yeah. So that's everybody's first reaction. And it's not really about the tactics as much as it's about a mindset. So people here, it doesn't they'll say, oh, you mean we should stop in direct mail? Direct mail is always work. No. Don't stop doing direct. My gosh. Do not stop doing direct mail. Right. It's it's it's amazing. And you're right. It's always work. But I think the same nonprofits would say no one. They've we've got we've accepted something that's not OK.

**Gabe Cooper** [00:07:04] So you're buying less than you're doing direct mail acquisition or you're doing your monthly appeals and it's like, yeah, you know, we got a 3 percent response rate. That's great. And we've just, you know, or one point eight percent response rate. That's great. And we've just been calibrated to think one point eight percent response rate is great because that's the best we could do, because this is all that was ever available to us.

**Gabe Cooper** [00:07:26] And what we're saying is like Amazon's getting higher response rates because they're actually being personal and how they're sending stuff out. So we're not saying those things are fundamentally bad. We don't want to throw the baby out with the bathwater. But we think the idea of of migrating in a sensible way to a more responsive approach is a good idea. So with direct mail, don't stop sending out your monthly appeals. Think about are there personas? Are there ways that you can segment direct mail that are based on what people are interested in and passionate about? Can you vary the gift, ask to be more in line with their capacity for a percentage of your file? So new donors is a great example. So a lot of nonprofits don't send new donor welcome series. Very well.

**Gabe Cooper** [00:08:12] Like if somebody gives you a gift for the first time instead of just dropping him into sort of the sausage grinder of your next appeal. Next the next appeal. Could you automate a welcome series that sent a piece of mail this very personalized and emails very first lives and then prompted somebody on your team to give them a call. So multi-channel, onboarded donor and just try something simple and watch the impact of that. Right.

**Gabe Cooper** [00:08:36] It's not about throw everything out that's ever worked, but it's it's an acknowledgement that the world these folks live in has changed. And as a nonprofit space, we have to keep up with that change.

**Andrew Olsen** [00:08:48] So I love where you're going with this and it makes total sense. I'm curious and I think listeners will be curious. It sounds to me like the organization that would do this well has to be tracking and cataloging a lot more data than they might have in the past.

**Andrew Olsen** [00:09:04] Talk to us about what's required there and and what kind of to your point, what kind of shift in thinking has to happen in order to make that effective?

**Gabe Cooper** [00:09:12] That's right. So, you know, kind of the framework of responsive is listen, connect and adjust. And so as nonprofits might joke that, I always say, as my grandma used to tell me, God gave us two years and one mouth for a reason. And we need to listen more than we talk.

**Gabe Cooper** [00:09:28] And I think that's particularly true with the nonprofit space will listen well and then connect personally and then suggest the right next steps. So listening really is about how are you collecting data on your donors and how are you listening to the right signals? So there's a couple of things that make that possible. One is just you have to have clean data and you have to make sure you're at least at the core. When somebody gives a gift, you got to make sure you get gift attribution. Right. You know what their motivation was when they gave. But then you have to start thinking about, well, now, how can I layer in social media data? Like, how can I look at people's social feeds and their Twitter activity as a signal I can listen to? And how do I bring that into my donor management system? And then how do I listen? How do I in wealth data and real estate holdings and how do I look at some of these geo location, meaning do they live around other donors that share their passions or interests? And so it really becomes a conversation and then especially white layer and like their web activities, like what pages they're clicking on, what emails they're engaging with. How do I pull that into one central repository? So I have all of the data points there that I need. And then the problem there is obviously OK. So I figured that I have a big pile of data that's all in one place. Great. It still doesn't change the fact that I only have two staff members that can do anything with this big pile of data. What's next? And really, that's where the next one connect, which is primarily around marketing automation that comes in. But you're right, that data collection piece is not trivial, but it really comes down to how do you make sense of all of the data signals you have available today and how do you get them in one central repository that's actionable?

**Andrew Olsen** [00:11:15] And you said something about that. You said it. You know, you only have two staff members. And yes, that's that's true for so many organizations.

**Andrew Olsen** [00:11:22] But I wonder, as we're talking about this, if there's another thing at play here and I'm curious like to do this. Well, do you do you see that organizations need to make a wholesale change in the kind of people that they're hiring?

**Andrew Olsen** [00:11:38] Or is this something that is truly simple enough at its core that anyone could learn it and apply it?

**Gabe Cooper** [00:11:48] I think there's two parts there. We are, from our point of view, from a technology point of view, we believe that modern software should be simple, beautiful and easy to use for anybody on your team. That's the expectation of modern consumers, even B2B software providers today. Think about a consumer, a beautiful consumer experience, and we haven't done that well as a nonprofit space at all. So I think the software should be easy enough to use. So even if you're not really into technology, you should still be able to get in and make a difference. I think where the rubber hits the road for non-profits is it's more of a mindset issue than it is a technology issue. So if you're you know, if you're sixty five really not into technology, but you're willing to change your mindset and think things could be done better and differently, we could treat donors like people, then you're great. But if you have people on your staff today that think, man, we're just going to ride this thing out, you know, doing the same thing we've been doing forever. We're fine seeing 5 percent declines and giving every year. I'm going to retire soon anyway.

**Gabe Cooper** [00:12:58] And yes, like you've got to have hard conversations. I don't know. Like, I don't know how else. Sure.

**Andrew Olsen** [00:13:04] Yeah. Fair enough.

**Gabe Cooper** [00:13:05] But now you have to have that sort of mindset that that thinks about growth and change in a way.

**Andrew Olsen** [00:13:12] So change is. I tend to run toward change. So it's it's a little bit, you know, odd for me when I'm having conversations with people who, you know, feel like they're stuck and you'll want to avoid change. But for some people, it's a really scary thing. I know having done some things like this with other organizations, you know, one of the things that I've always found important is this sort of has to start in the C-suite.

**Andrew Olsen** [00:13:39] Right? It can't be something that, you know, a junior level employee tries to bubble up and push everybody to do. Talk to us a little bit about sort of what you've seen organizations do most successfully to lay the groundwork for bringing this kind of change about.

**Gabe Cooper** [00:13:57] Yeah. So I think you're right. You have to have a champion for it at that level. And you have to want to grow on want to change. And so there's just you know, software is not going to solve that for you, you know, or just a book or a book about a framework. It's not going to change that for you. I think one of the most powerful things that we've seen is actually when nonprofits commit to breaking down silos in their organization between program communication and fundraising.

**Gabe Cooper** [00:14:30] So some of our most successful organizations in innovating and changing quickly actually have everybody on their program team called Donors Monthly. And I know that sounds like such a silly thing, but what it does really quickly is it lines the whole organization up around the needs of the donor. It creates a donor centric organization. So people on the program team are hearing why what donors don't understand or why they're frustrated or where the gaps are. And all of a sudden, everybody in the organization from the top down is sort of advocating for the donor and advocating for change. And so I think that's one simple step other than you've got to find a champion in the C-suite. I think breaking down those silos and getting program really close to the donor is really powerful.

**Andrew Olsen** [00:15:15] Yeah, I totally agree. So I want to go back to something that that I really appreciate it in the book that you have, one of the things that you talked about was that organizations that get really good, responsive fundraising have to be willing to embrace risk and to take chances and be willing to fail. And one of the things that you've been in this industry long enough, you've probably seen it as much more than I have there. I feel like there's often a stated willingness. To take risk and to experience failure, but oftentimes it's, you know, the action that comes behind a failure doesn't reinforce that.

**Andrew Olsen** [00:15:56] In fact, it reinforces just the opposite. What have you seen? Organizations that are doing this well around this idea of risk and failure. What are they doing differently than the others?

**Gabe Cooper** [00:16:08] There's one one person I've seen it really well, there's I think several organizations like Koepp International is one that does this really well. But there's one guy in particular that I saw just go crazy around this. And so they were. They started implementing a sprint approach. And so there's a book that's called Sprint about Google Sprint and it's doing it's trying new things, innovating in these short two week cycles just to see if you see if something sticks, you test it. If it doesn't stick, you iterate and you move to the next thing. So he implemented that almost like a startup accelerator in his nonprofit. And every time somebody failed, he literally got a cake and threw a party and celebrate, celebrated with failure.

**Gabe Cooper** [00:16:51] Which sounds completely insane. But what he said is we learned we learned something that doesn't work. We learned it really fast and really cheap. It was amazing. And so, I mean, he literally not figured it. You literally celebrated failures because they learn. Right. And so I think you have to sort of put your money where your mouth is and be willing to give up control and literally celebrate failures. It's so much better than the status quo.

**Andrew Olsen** [00:17:17] Yeah, I've never heard of somebody doing that. But I'm fascinated by the idea that it's a great way to show everyone that you really mean what you say around that, you know.

**Andrew Olsen** [00:17:28] So I think that's really powerful. One other thing that I wanted to to get your take on in the book, you talk about this this concept of reactive posture versus proactive posture.

**Andrew Olsen** [00:17:42] Can you can you tell our listeners what you mean by that and how that applies?

**Gabe Cooper** [00:17:47] Yeah. And so I think maybe even without context, a better way to think about it, because in terms of of dynamic campaigns versus static campaigns, I think this might even resonate more with the audience listening as traditionally we've we've done more static fundraising campaigns, which means we send out our fundraising appeals or communications based on the needs and timing of the organization. You know, every October we do our matching gift campaign and we send it out. And we always say, you know, we're not going to be able to continue operations as a nonprofit unless we raise five thousand five hundred thousand dollars by Thursday or whatever. It's all driven based on our needs and our timing. That's a static campaign that can work in the short run, but it doesn't build long term donor loyalty like putting the donor at the center of their journey. And so to do that, you have to be more proactive, listen to donors and run dynamic campaigns. So. If somebody comes to your Web site and interacts with three or four pages on your Web site around malaria, that's probably a great time to communicate them with them about malaria. Not wait until your malaria appeal comes up six months from now. Right.

**Gabe Cooper** [00:19:10] And so you're literally listening to signals and sending out dynamic campaigns in real time based on donor needs. And so now you have rather than every donor getting the same piece, you have each donor based on their behavior and their persona. Getting the right thing at the right time. So, you know, different segments of donors seeing different communications from your organization based on their needs. So that is sort of the difference between proactive and reactive.

**Andrew Olsen** [00:19:36] OK. Thank you. So let's let's let's stay on that for a second, because when I hear you say that and I suspect some listeners will have this question as well.

**Andrew Olsen** [00:19:44] You know, for for an organization that has, you know, six to twenty five different programs, you know, I'm thinking, you know, some of the organizations that are, you know, big Federated Organizations maybe, or just really complex organizations. You know, when I think about having all of that content on demand ready to go, it seems like a really heavy lift to to just get ready to start it. Is that true or I mean, talk a little about that.

**Gabe Cooper** [00:20:11] Yeah. So. So start small. It seems really overwhelming to hear it like that. But I would say start small. And so, number one, if you don't have three core personas defined today, I would define those personas. And what it was by that, I mean, what are the three types of people that typically gift your organization while we have, you know. You know, Cindy, the middle aged mom, busy with her kids, but really cares about our adoption or foster care initiative. You know, we have, you know, Jim, the college student who's really into advocacy and tweeting and what social change. But, you know, it's probably not going to get it right. Like you divide up your people into three chunks. Most nonprofits actually have a good amount of content and stories laying around somewhere. And so now you just take what you have today and assign it to each of those percent. So take a spreadsheet and Cindy up top and underneath Cindy, you put the three bits of content you think would be most relevant for Cindy and that persona and just start start there. Right.

**Gabe Cooper** [00:21:11] And now when you get a new Cindy on file, she's through a survey or what she gives to you kind of know who she is, use, you know, some appended social data or other outside public data and you figure out, you know, age range and that kind of thing like that to Cindy.

**Gabe Cooper** [00:21:28] All right. We have an automated workflow that sends our three most relevant pieces of content to Cindy. And going through that process, I mean, it it takes a couple of hours and some content mapping to do it. But it's it's really not as hard as it sounds on its face.

**Andrew Olsen** [00:21:44] OK. So I think just want one more question and then I will let you go. It's late Friday, and I'm sure that you've got family stuff to get to. But, you know, all of this sounds really fascinating. But for the listeners out there, I suspect some are going to say, yeah, but talk about the results. Can you give us a couple of case examples from organizations that you've done this with?

**Gabe Cooper** [00:22:08] Yeah, umm. We're seeing amazing results, so people that are really implementing this well, we we look at data across all of our customers with a focus on the ones that are implementing these tactics. You know, when we see people drop, you know, on average, the ones that are implementing this or or are adding 15 percent to their retention numbers. Right. So maybe they're turning out, you know, seventy six percent after that first gift. You know, they're dropping that down to 60 percent, which they you know, by asking somebody for the right amount at the right time, by priming them with the right content. First, we're seeing 10 to 15 left an app percent left an average gift for those folks.

**Gabe Cooper** [00:22:52] And so it shouldn't be shocking, right. Like if you treat somebody like a human, they're more likely. And so this is not rocket science at all. But then when you start compounding, you know, a 10 to 12 percent shift in retention first or second gift and a 10, 12 percent uptick in average gift, all the sudden you look at the lifetime value of your donors spread out across three years like, well, that that moved the needle substantially, you know. And so it it's it's working. I think the the orgs that are making it work better, I mean, we've seen just through marketing automation, we've seen a lot of words that we're trying to do this manually. You know, we just, you know, communicate personally. And just through marketing automation, we've seen people that had a team of four only need one person to pull this off, which freed up the other people to actually call donors. And again, people will say, oh, marketing automation makes it so impersonal. No. We want to take out all the busy work. And so. So your team can actually call people, you know, and have them. And so we're seeing the real results. We we see it work consistently. And I'll say even people that are on virtuous, we have a bunch of folks that are like, we're not going to change a virtuous anytime soon. We're going to try to cobble together some other stuff, but we're going to implement these tactics. They're seeing great results as well. So it's been fun.

**Andrew Olsen** [00:24:12] That's interesting. OK. That's good to know. OK. I actually have one more question. Do you see any difference in the way these behaviors change? You know, we talked a lot about sort of mid-level and lower level donors. But is the application have the same kind of impact for major donors as well?

**Gabe Cooper** [00:24:32] Yeah, I think the interesting thing with major donors, I think is an industry. We've always done this pretty well. Right. You sure you a major donor reps. And they're like, you know, how did you get them to give another gift? Well, I got to know them. I figured out what they were interested in. I knew their kids names. I knew they're like Mexican food. I knew the right time of year to ask. I knew how much to ask for. And that went really well. That's why major donor giving continues to go up, right? I don't know. It's super relational. And so I think on the major donor side, the one thing that does help a little bit is that when you have like software, web behavior, some of this stuff that can bubble up those signals for you or to prompt you to do the right thing at the right time.

**Gabe Cooper** [00:25:17] It just helps your major donor reps move from their yellow legal pad to a more sophisticated model of following up, which helps. You know, it certainly helps, but it's not as transformative as it is for the low end of your file.

**Andrew Olsen** [00:25:31] You. Okay, that makes good sense. All right, Man, thanks for. Thanks for being here with us. Thanks for talking to us about responsive fundraising, what you guys are doing. If somebody who's listening wants to get in touch, wants to learn more. How do they get to get you?

**Gabe Cooper** [00:25:43] Yeah, so virtuous CRM dot com. And especially if you want to learn more about this stuff, go to virtuous CRM dot com slash responsive. We have sort of a blueprint for responsive that you can download to get started. We also just launched a new hardback book, Responsive Fundraising, and you can find that on Amazon or Audible or wherever you buy your book.

**Andrew Olsen** [00:26:06] So awesome. Very cool. I'll link to all of that in the show notes, too. Thanks a lot for being here, man.

[00:26:11] Thank you.