

AI-Powered Extraordinary Donor Experiences
Presented by Dawn Fleming, CFRE
Crescendo Practical Planned Giving Conference
September 2024

What are Extraordinary Donor Experiences?

Extraordinary Donor Experiences focus on creating truly joyful givers who increase their support over time because they **feel** celebrated and **know** their support is making a difference.

Extraordinary donor experiences set you apart from other non-profits by ensuring that your supporters feel validated, fulfilled, and delighted.

When you work within the EDE framework:

- You commit to learning **why your supporters think your work matters** in the world and why they support it financially.
- Your communications are **intensely focused on the donor's** identity, values, and goals.
- You **celebrate their impact** by making THEM the star of the success of your organization.
- You are **authentic and willing to tap into your own human emotions and experience as you relate to your giving community.**

In a world filled with a lot of noise and distraction, this methodology is more important than ever!

5 Components of EDEs – “CACTUS”

- C - Center on the Donor
- A - Always Be Authentic
- C - Create Community
- T - Thank & Report Back
- S - Sincerity & Emotion

Focus on the donor's experience, not just your organization. Be authentic in your interactions and emotionally impactful when reporting impact or asking for support.

Why are Extraordinary Experiences So Vital to Our Work?

According to fundraising research expert Dr. Russell James of Texas Tech University, 5 key factors influence an individual's decision to support non-profits:

- **Personal Values Alignment:** When a donor's values resonate with the organization's mission and work, they feel a sense of personal connection and purpose through their giving.
- **Emotional Impact:** Witnessing the positive impact of a non-profit's work on beneficiaries can evoke strong emotions in donors, inspiring them to contribute and make a difference.
- **Community and Belonging:** Non-profits can foster a sense of community and belonging for donors, connecting them to a like-minded group and a shared cause.
- **Recognition and Appreciation:** Feeling valued and appreciated for their contributions can motivate donors to continue giving and increase their commitment.
- **Sensing Tangible Outcomes:** Seeing and understanding the specific outcomes achieved through their donations can provide a sense of satisfaction and validation for donors.

Optimizing the Donor Journey: Lessons from the For-Profit World

Your organization may be worthy of generous support, but if the donor experience isn't delightful, you risk being overlooked. Learn from successful for-profits like Amazon Prime and Apple both of whom prioritize customer satisfaction and a wonderful experience with their product and organization.

Capture Critical Information for Delighting Donors on Their Journey with YOU

- Over time, you can uncover your donor's deepest passions ("ATTRIBUTES") through thoughtful discovery questions, meaningful conversations, and deep listening.
- Some examples of ATTRIBUTES
 - Are they **motivated by helping** the underdog (single parents, the unemployed, intellectual disabilities)
 - **Angry** about a situation (environment, cruelty to animals) and want to partner with you to make it right
 - Seeking to **protect and defend** (children, immigrants)
 - **Empathetic** because they've "been there" (poverty, homelessness, addiction) and can identify with those you serve?
- Make note of all of these attributes along with any other unique information about your donor in your CRM. You will need them when you use AI tools to help you

express how your organization meets/fulfills their passions and desire to make a difference.

Key takeaway: Understanding donor motivations (aka “attributes) through careful listening combined with using AI ChatBots to help you write donor communications that reflect those motivations in your donor communications is key.

Track attributes like empathy, anger, and protective instincts in your CRM and use AI ChatBots to create communications tailored to your specific donor.

What Neuroscience Says

Communicating with an emphasis on your donor’s attributes creates joyful givers. Neuroscience research demonstrates that positive experiences trigger biochemical responses that make us want to repeat those experiences.

Lead the Way in Creating New Standards of Service for Your Supporters

As fundraisers, you can lead the way in creating extraordinary standards of service.

Differentiating your organization in the minds of prospects and donors is more important than ever. You can do this by using the EDE framework and harnessing the power of AI. *Take control of your donor’s journey with your org by being proactive and creative.*

The Virtuous Fundraising Cycle

Ask -> Thank -> Report -> Repeat. This cycle strengthens the donor’s trust and commitment. Use AI to help create meaningful asks, reports, and proposals at each stage of the Virtuous Circle.

Key Takeaway: When reporting impact to your supporters, make sure 60% of what you report is about the donor and 40% is about the beneficiary of your organization’s work.

You can weave “the wonders of your organization” into the narrative, but do not make the impact stories about your organization – no matter how much heat you need to take from your organization!

AI 101: A Field Guide for Fundraisers

AI technology is rapidly evolving and can be a powerful tool for fundraising professionals. Start using AI where you are (even if that’s at square one) but you must start using AI!

Best uses for AI include customized communications strategies, stewardship plans, predictive modeling, and fundraising strategies.

AI 101: Key Terms

- ChatBot: Designed for natural language interaction and problem-solving.
- Prompt: An instruction entered into a system telling the AI what to do.

- Hallucinations: Inaccurate responses from AI systems.
- Big data: Large data sets.
- Data mining: Large data sets used to identify patterns.
- Generative AI: ChatBots.
- Predictive analytics: Helps make predictions about future events.
- Prescriptive analytics: Offers possible scenarios and performance analysis for better decision-making.

First Key Use: Stewardship Plans

AI can help you understand how your supporters think and make decisions by analyzing their giving history, professional background, philanthropic interests, and more. This leads to more effective stewardship.

Second Key Use: Predictive Modeling

AI enhances predictive modeling for fundraising by recognizing patterns, analyzing large data sets, and making personalized predictions. *Partner with third-party providers for this functionality.*

Third Key Use: Enhance Fundraising Efficiencies

AI can assist with data analysis, meeting preparation, gift planning, content creation, and strategy planning. Specialized tools can help with prospect research, wealth screening, and donor engagement.

Fourth Key Use: Fundraising Strategy

AI can provide strategic insights for major gift professionals, helping with year-end planning, personalized donor engagement, and campaign effectiveness.

Here's a ChatBot prompt that asks for ideas to assist us with year-end fundraising:

Prompt: *Please provide strategies that major gift fundraisers can use this fall to encourage major gifts during year-end which has a date range from September through December 2024. Please provide as much detail as possible and cite your sources when possible.*

15 suggestions were included in the output from the ChatBot – 8 that seemed interesting ideas or helpful reminders for this giving season. Here are the 8:

Year-End Giving Strategies – suggested by AI chatbot

1. Early engagement:
 - a. Begin outreach in early fall to warm up relationships and get in front of distractions regarding the Presidential election

- b. Schedule meetings or calls now to discuss year-end giving plans
2. Personalized impact stories:
- a. Prepare 3 compelling narratives about your organization's recent achievements
 - b. Tailor stories to each donor's specific interests (attributes) and past giving history

A study by Adrian Sargeant found that improving donor retention by just 10% can increase the lifetime value of a donor database by up to 200%.

3. Tax-smart giving options:
- a. Educate donors on tax-advantaged giving strategies, especially for high-net-worth individuals, like “bunching” their charitable donations.
 - b. Highlight options like donor-advised funds, appreciated stock donations, or IRA charitable rollovers
4. Year-end campaign planning:
- a. Develop a themed end-of-year campaign that resonates with major donors
 - b. Create a sense of urgency around year-end goals
5. Leverage Matching Gift Opportunities
- a. Secure matching gifts from board members or lead donors
 - b. Use these to encourage larger gifts from other major donors

According to a study by the Center on Philanthropy at Indiana University donors were 2.5 times more likely to make a gift when presented with a matching gift opportunity and make gifts 22% higher than they would have made without the challenge.

6. Multi-Year Pledges
- a. Encourage donors to consider multi-year commitments
 - b. Frame these as strategic investments in your organization's long-term impact

The Association of Fundraising Professionals (AFP) Fundraising Effectiveness Project consistently shows that multi-year donors have higher retention rates. Further, the Center on Philanthropy at Indiana University found that donors making multi-year pledges gave an average of 2.6 times more than those making single-year gifts.

7. Legacy Giving Conversations
- a. Use the reflective nature of the season to discuss planned giving options
 - b. Offer resources and support for estate planning

The National Association of Charitable Gift Planners reports an increasing trend in blended gifts, combining current and planned giving.

8. Data-driven outreach:
 - a. Use analytics to identify donors with increased capacity or propensity to give
 - b. Tailor outreach based on past giving patterns and engagement history

Asking the ChatBot to “tell you more” can reveal additional strategies and insights, but sometimes you can uncover a “hallucination.”

Taking a deeper dive into strategy 3: Tax-Smart Options

Curious about digging into Strategy #3 “Tax Smart Options,” I used the ChatBot’s invitation to ask more about “Tax Smart Options.” This is an area that I’m not so strong on.

6 ideas were provided. Ideas 1-5 were spot on. Suggestion #6 gave me pause . . .

The ChatBot’s response:

Strategies for maximizing tax benefits include bunching donations into one year, using donor-advised funds, and pledging (**spoiler alert: this is wrong**).

1. Under current tax law, taxpayers can take the Federal standard deduction or itemize deductions on their tax return.
2. To benefit from charitable deductions, the total of itemized deductions (including charitable gifts) must exceed the standard deduction.
3. By concentrating or "bunching" multiple years' worth of charitable giving into a single year, donors can potentially exceed the standard deduction threshold, allowing them to itemize and receive a tax benefit for their charitable contributions.
4. Even though the donations are concentrated in one year for tax purposes, the actual support to charities doesn't have to be limited to that year.
5. Donor-Advised Funds (DAFs): Donors can contribute a large sum to a DAF in one year, getting the full tax deduction that year. Then, they can recommend grants from the DAF to charities over several subsequent years.

Here's an example:

Traditional Giving: \$10,000 each year x 5 years = Total: \$50,000

"Bunching" with DAF: \$50,000 in one year → DAF contribution ↓ \$50,000 tax deduction

6. Pledges: Donors can make a large pledge in one year (potentially getting a tax deduction for the full amount, depending on the nature of the pledge), but fulfill it over several years.*

The response about pledges didn't seem correct, so I challenged the ChatBot.

Prompt: How can a pledge be counted as a deduction? I am not familiar with how this works. Will you please explain?

ChatBot Answer: Thank you for asking for clarification on this point.

I apologize for any confusion my previous statement may have caused. Let me provide a more accurate explanation:

In general, pledges alone *do not allow* for an immediate tax deduction for the full amount. The tax deductibility of pledges is more nuanced and restricted than I initially implied.

The real answer from my fundraising experience is that the cases when “donors can make a large pledge in one year (potentially getting a tax deduction for the full amount, depending on the nature of the pledge), but fulfill it over several years” are so rare and so highly restricted that you would likely never use them.

Offering this option to a donor is outside of the EDE framework. In fact, it could make them very unhappy and walk away from the relationship. *Strike this idea from the record!*

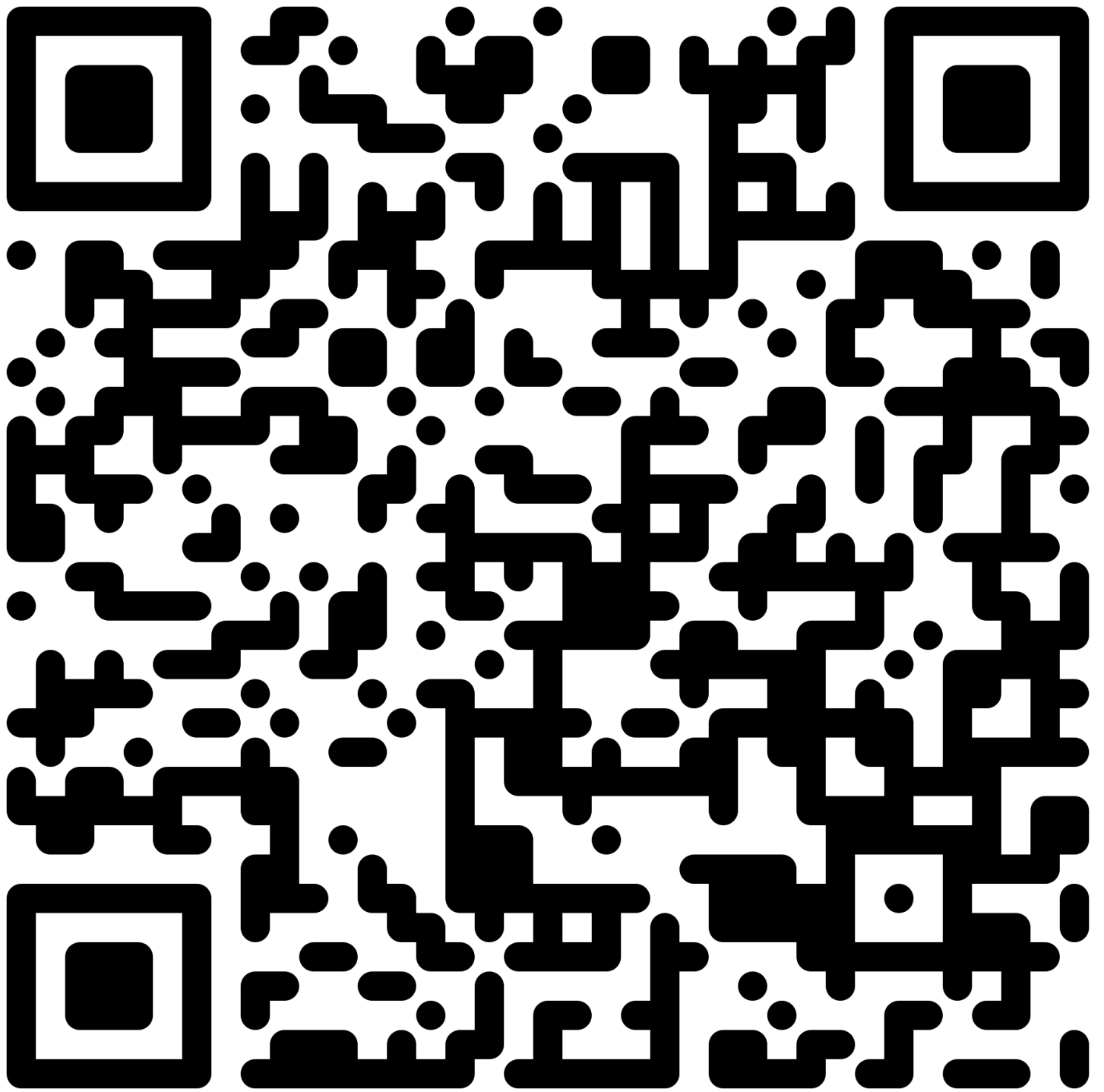
Remember, always trust your gut and if something doesn't seem right, follow your instincts. **AI tools are “smart,” but you are smarter.** Be cautious of AI's suggestions and always fact-check.

Conclusion

1. AI and an authentic, donor-centered engagement can work synergistically to create Extraordinary Donor Experiences. Focus on getting to know your donors' motivations, recording them, and reflecting them back in *all* of your donor communications.
2. By enhancing *personalized* donor engagement you can set new fundraising standards and drive success in your fundraising efforts.
3. As Major Gifts and Planned Giving fundraising professionals, we need to work within the EDE framework with as much commitment as the for-profit sector applies to prioritizing customer satisfaction.

By using AI and the EDE framework, you can transform your supporters' experience, inspiring unprecedented levels of financial support, passionate commitment to your cause, and lifelong dedication to your mission.

Wishing you great success!



Dawn Flemingv

