Version2.ai

Fully Autonomous Fundraising

Featured in

Forbes

Version2.ai

AI and digital technologies are redefining how to reach donors and serve communities.

Some organizations are struggling to abide by the maxim "meet donors where they are." Even as a rising class of next-generation donors actively seeks new ways of engaging with charitable organizations, the organizations themselves have been slow to embrace the technologies that are reshaping the nonprofit landscape, such as digital fundraising platforms, online payment processing and crowdfunding. While these technologies make it easier for organizations to reach donors, they also dramatically increase the number of entities seeking donations.

Meanwhile, generative AI is expected to have an enormous impact on development. William & Mary and College of Charleston in partnership with Version2.ai have developed a fully autonomous fundraiser and have started testing its effectiveness in light solicitations. Advocates point to highly refined and effective AI-generated fundraising appeals that use every available piece of data on donors to craft highly personalized and impactful campaigns, precisely timed to generate the best results.

Council Post: 4 Reasons Why Development Organizations Need To Innovate Now

The nonprofit world is anything but predictable and will continue to change over the next decade, driven by four shifting challenges.

F Forbes / Jul 10

4 Reasons Why Development Organizations Need To Innovate Now

Karen Cochran Forbes Councils Member

Forbes Nonprofit Council COUNCIL POST | Membership (Fee-Based)

Jul 9, 2024, 07:15am EDT

Karen S. Cochran, CFRE, is the Founder of Philanthropy Innovators and creator of The MOST Philanthropy Model.

GETTY

The first time I talk with people about innovation in philanthropy, they often look confused. Innovation … in philanthropy? Their bemusement is forgivable. While philanthropy and innovation aren't technically a contradiction in terms, they're not a natural pairing, either. But in today's rapidly changing philanthropic world, they need to be.

That's because the landscape of charitable giving is undergoing significant transformation, and nonprofits must change with it—not only to remain relevant to donors but to realize maximum positive impact for those they serve.

In the past, development organizations have relied on good old-fashioned trust, earning and keeping donors who typically value stability, reliability and conventionality. (The core value of trust hasn't changed, but the way we cultivate it has.)

In contrast, "innovation" is a creative synthesis of ideas that results in novel outcomes described as "pioneering," "unprecedented" and "disruptive"—hardly terms likely to reassure a donor—and often foretells the kinds of changes that can be unsettling, unpredictable and operationally chaotic.

But when development organizations try to avoid the discomfort of change because they fear the unknown, commendable traits like stability can slide sideways into rigidity—"because that's how we've always done it"—sometimes becoming further anchored in institutional inertia.

Meanwhile, the nonprofit world is anything but predictable and will continue to change over the next decade, driven by four shifting challenges:

More nonprofits are chasing fewer donors.

According to research by the Fundraising Effectiveness Project, in both 2021 and 2022, increases in major gifts helped raise overall fundraising dollars. But by 2023, even the stability of major donors had eroded: This group donated "nearly 10% less in Q1 2023," and as the uncertainty of world events reverberates, a continuing trend of declining donors signals growing uncertainty for nonprofits.

The economic fallout from the pandemic has led high-net-worth individuals to be more cautious with their giving. Of those donors still giving as much or more, many are likely giving differently, with an increased emphasis on essential relief efforts in their own communities such as healthcare, food security and housing.

We are witnessing profound generational shifts among a new generation of mega-donors regarding how to address society's problems.

Millennials and Gen-Zers are less trustful of institutions than previous generations, and the degree of distrust seems to be growing, not shrinking. Younger generations are also less patient and more likely to call for quick action and solutions, an attitude reinforced by a digital culture of immediate feedback and instant gratification.

Rather than make huge donations to big institutions like universities and hospitals, the emerging generation of mega-donors in their 40s, 50s and 60s are more interested in creating tangible change on a global or societal scale in areas such as the environment and social justice. Many bypass the traditional family foundation structure for a donor-advised fund, limited-liability company or a combination of strategies.

AI and digital technologies are redefining how to reach donors and serve communities.

Some organizations are struggling to abide by the maxim "meet donors where they are." Even as a rising class of next-generation donors actively seeks new ways of engaging with charitable organizations, the organizations themselves have been slow to embrace the technologies that are reshaping the nonprofit landscape, such as digital fundraising platforms, online payment processing and crowdfunding. While these technologies make it easier for organizations to reach donors, they also dramatically increase the number of entities seeking donations.

Meanwhile, generative AI is expected to have an enormous impact on development. William & Mary and College of Charleston in partnership with Version2.ai have developed a fully autonomous fundraiser and have started testing its effectiveness in light solicitations. Advocates point to highly refined and effective AI-generated fundraising appeals that use every available piece of data on donors to craft highly personalized and impactful campaigns, precisely timed to generate the best results.

Fewer people are pursuing a career in fundraising.

Data shared in a 2023 Nonprofit Workforce Survey show that more than half of all nonprofits have more job vacancies now than before the pandemic, and more than 30% say they are "never" properly staffed.

Comments on Glassdoor and similar sites suggest why: lack of career advancement opportunities, complaints about work-life balance, inadequate compensation, limited budgets, lack of recognition and unrealistic expectations.

These all certainly contribute to today's high rates of burnout and turnover. The average tenure of a development officer is 18 months. Disenchanted by obsolete policies, burdensome procedures and the glacial pace of change, development officers are quitting their jobs and the industry at an unprecedented pace. The talent shortage is real, and we must invest early in programs that nurture those committed to the sector to develop their leadership abilities.

This returns us to where we started: Innovation must be a part of philanthropy because a creative synthesis of ideas is essential to help nonprofits overcome the current crisis. If "crisis" feels like too strong a word, spend a little time talking to people who work in development. They'll tell you that the pandemic merely accelerated and deepened long-standing problems, so for them at least, the new normal feels neither new nor normal. For increasing numbers, it feels unsustainable.

Many fundraisers report feeling adrift, overwhelmed, uncertain of the future and possibly done with a career in philanthropy. Making problems worse, many development offices are hamstrung by outdated processes and policies that limit growth and innovation.

In my experience, the most successful development teams understand how to harness innovation as a means of cultivating trust. The best way to do this is to never take someone's continued support for granted *and* to invest in your team. Without these individuals, you can't deliver your mission. When the old ways of doing things aren't resulting in the outcomes we want, it's time to embrace a different—and more innovative—approach.

Karen Cochran

Karen S. Cochran, CFRE, is the Founder of Philanthropy Innovators and creator of The MOST Philanthropy Model. Read Karen Cochran's full executive profile here.