

Giving Days

Collaboration, Federation, or Unification?



next in
nonprofits

February 2015

INTRODUCTION

Collaborative giving days, such as #GivingTuesday*, have different models to encourage larger numbers of donors across nonprofits. A single place to give has technology risks, but multiplesites make it harder to build energy around success.

Charities are always seeking a new way to increase the size of the donor base. Conventional wisdom holds that getting large numbers of donors in – even at small levels – can begin a conversation about the value a nonprofit brings to its mission. A relationship that begins with a gift can evolve into ongoing financial and community support¹.

A newer tactic to introduce donors to charities is online collaborative giving days. (Special giving days have been around for decades² – using online tools to harness the power of crowds is just the past several years). Instead of a single group trying to bring new donors to the table, a joint effort around giving on a single day hopes to encourage the idea of philanthropy first and the specific charities second. The hope is the rising tide of donations will lift all the fundraising boats. It's nearly impossible to measure how many donors are shifting regular contributions from some other time to the giving day, but it is possible to see new donors coming in to nonprofits who had never given to that charity before. These donations are often the result of social giving³, where peers are acting as fundraising champions and introducing friends and family to causes.

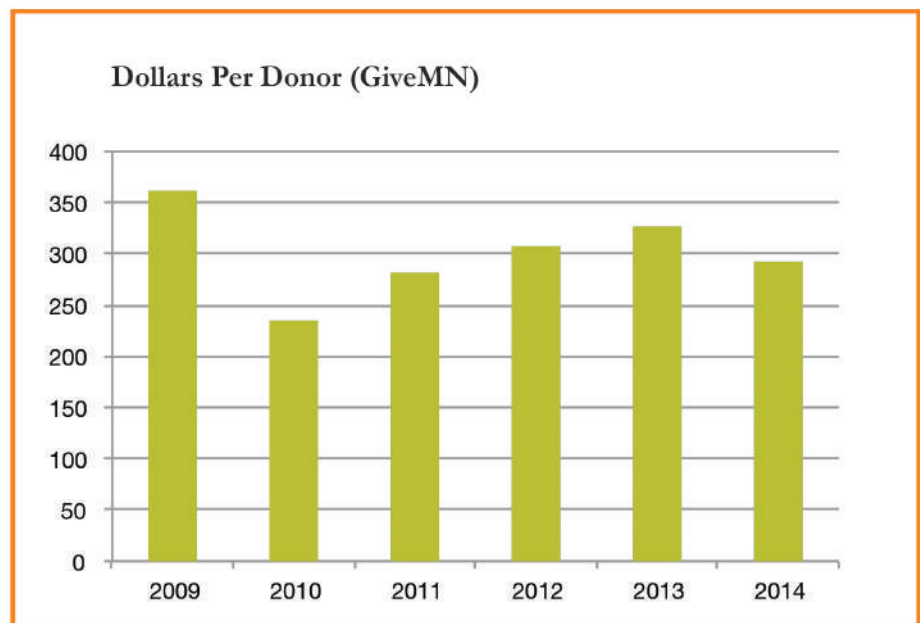
**GivingTuesday.org refers to itself as #GivingTuesday to maximize social media sharing through hashtags.*

SINGLE-PLATFORM DAYS

Most giving days process donations through a single site – or platform – to easily calculate total giving and select giveaways as incentives for donors to pitch in. GiveMN.org runs Give to the Max Day, a social giving day each November in Minnesota, which has now completed its sixth year. The initial launch in 2009 promised matching funds from local sponsors, and the response was so overwhelming that the match ended up being diluted to about \$0.04 per dollar donated. A great problem to have, as over \$14 million was donated to charities in the first giving day of the program.

Total dollars dipped in year two (when there was no promise of matching funds and organizers focused on increasing number of donors, not total dollars) but has been on a steady increase since that time. The main challenge eventually became funding a robust enough technology infrastructure to keep up with processing all those donations through one site in a single day. GiveMN.org initially partnered with Razoo.com to process donations, but after significant technology problems in 2013⁴, GiveMN ended that relationship and launched a new site with Kimbia.com as the technology backbone in 2014. Despite some changes in how Give to the Max Day was run – such as a “freeze” period before the giving day when no changes could be made so technology could be optimized – there were still support issues. Donation processing was not affected, but nonprofits couldn’t access their donation reports and could not determine if planned donations had been processed or not.

Dana Nelson, Executive Director (and self-described chief cheerleader) of GiveMN, is already looking forward to more evolution in services in 2015. “We’re not done – we’re constantly learning and want to bring more services to the site,” said Nelson.



SINGLE-PLATFORM DAYS

GiveMN processed over 120,000 gifts on November 13, 2014. That record number of gifts was matched by a record total dollar amount for the day (\$18.3 million) as well as record totals of number of nonprofits participating (5,544) and individual donors (over 62,000). This success does show some peaking curves, however. The surge in numbers of nonprofits participating meant the average total per nonprofit declined for the first time since 2010, as did the average dollar total per donor.

Part of the solution may be to find ways to incorporate other platforms in the day's totals. To date, only gifts processed through GiveMN.org have been reported, but some organizations which raise substantial money have opted out of using GiveMN in favor of using existing gift processing tools through their own sites. Macalester College in Saint Paul was one such charity⁵, choosing more control and lower transaction processing over the benefits of participating in the support tools offered via GiveMN.

Nelson said GiveMN doesn't yet have the tools to account for donations not processed through its site, though she acknowledges there are nonprofits which may choose to forgo their single-platform on the giving day.



“Yes, we need to fix reporting and find better tools to do it. The right mix of reliable and affordable isn't there yet.”

Single-platform days continue to emerge as more communities see the success of social giving. Ghazal Vaghedi, Vice President of Digital Philanthropy for Razoo.com, said their platform is still growing existing giving days, as well as working with emerging efforts. In many

SINGLE-PLATFORM DAYS

cases, as was true for Give to the Max Day in Minnesota, community foundations or other local philanthropy will pick up some portion of the platform costs for at least the initial day to kick start community support.

“The point of these days is to introduce new donors to community charities,” said Vaghedi. “Once they begin a relationship, they can seek longer-term support for their mission.”

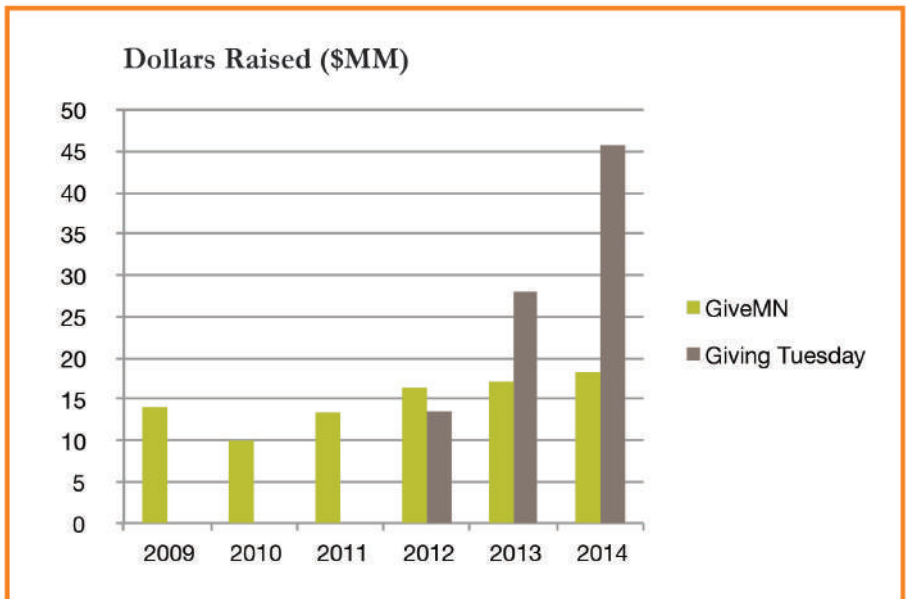
Bringing loads of new donors to just the one platform does have risks, and the growing pains of Give to the Max Day failure in 2013 led to some big changes for Razoo. “We’ve moved to Amazon Web Services to support the large number of donation requests on these days,” Vaghedi confirmed. Renting a more robust system like Amazon’s - which processes that number of transactions everyday - minimizes the potential for a system crash.

In order to pay for those enhanced services, Razoo has increased platform fees, to 6.9% of the transaction from 4.9% in the past. Razoo has created a new feature to help offset that cost, encouraging donors to pick up the transaction fee in addition to their donation so the charity sees the full amount. Vaghedi reports 31% of their donors pick up the processing fees, but as Razoo and charities market this new feature, she expects “that will rise to 40% over time.” If that prediction holds, charities will retain slightly more in donations than they did under the 4.9% without the solicitation to pay the fees.

MULTI-PLATFORM DAYS

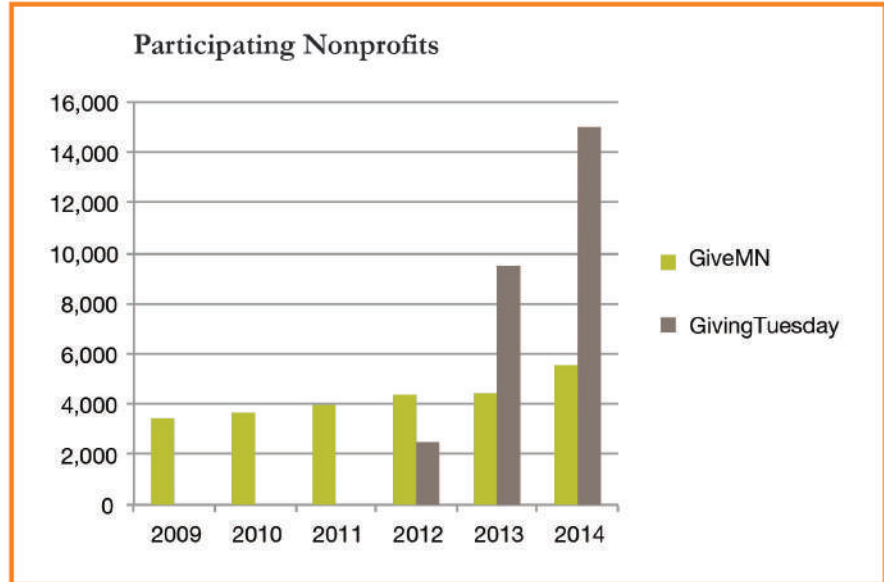
#GivingTuesday just completed its third year. Where other giving days rely on a single-point of entry to collect impact data, #GivingTuesday is a federated campaign. It relies on individual nonprofits or coalitions to select their own preferred donation platform (or in-kind giving, or volunteer hours), and then coordinates the results from the larger platforms (such as BlackBaud, Network for Good, Razoo and more) to create a total in giving for the day.

#GivingTuesday is a project of the 92nd Street Y and the United Nations. Asha Curran, Director of 92Y's Center for Innovation and Social Impact, is quick to point out “#GivingTuesday is much more than just a ‘giving day.’ “It’s really an initiative intended to start a new conversation about philanthropy and to champion the idea that everyone can be a philanthropist. In many cases, participation is not about monetary donations – it’s about volunteering, raising awareness or mobilizing others.” All of those goals (and a wealth of supporting training materials such as videos on their site) are aided by the idea of showing a large number of givers in a defined day. #GivingTuesday is scheduled for the first Tuesday after Black Friday and Cyber Monday, as a means of encouraging people to think about philanthropy at a time of year often focused on consumer spending.



2014 showed continued strong growth in #GivingTuesday. The first #GivingTuesday in 2012 estimated \$13.5M, growing to \$28M in 2013, and then to \$45.7M in 2014⁶. These are of course rough estimates as there is not yet a definable way to collate all such donations on all such platforms. As a minimum estimate, however, it is showing more traction on the promoted day than happens without the joint promotion. The curve shows very strong growth.

MULTI-PLATFORM DAYS



Using a multi-platform promotion of giving loses some functionality of single-platform giving. Many of those efforts use leaderboards - a constantly updated scoreboard of how much individual charities and total giving is happening. “We have thought about this (leaderboards), but haven’t quite come up with a way to do it.” said Curran. “ We established the initiative specifically NOT as a platform or donation portal, but rather as an initiative to spur everyone involved in the philanthropic community to think about new ways to engage their constituents, using whatever method, platform or fundraising strategy is right for them.” Some of this functionality can be restored in part by individual platforms aggregating their own results. Razoo’s Vaghedi says their platform is trying to add back these “gamification⁷” elements by creating state-wide leaderboards for at least their #GivingTuesday partners, if not all the platforms collecting donations that day. GiveMN’s Nelson echoed that many of their nonprofit partners also solicit on #GivingTuesday. “There’s not one right answer. #GivingTuesday is good, and so is Give to the Max Day.”

Trading specific, combined measures for broad collective impact is not unique to supporting philanthropy and giving days. Many nonprofit organizations report general outreach and approximate totals rather than spending resources creating systems that track specific, long-term outcomes⁸. The question of how and whether to create a more formal, measurable data-tracking system is not just one of resources, but of willingness from the platform partners.

PLATFORM CHOICES

The range of companies offering such services changes often, as new players enter the market and existing players exit or merge. Some long-standing companies, such as BlackBaud and Network for Good, have been available for many years and have long-term relationships with charities. Newer competitors may find entering the market challenging in many industries, but nonprofits in general are extremely price-sensitive. Offer an even slightly better deal than the incumbent, and some nonprofits will leave existing partners to save even a fraction of a percentage.

Many of these platforms can export information to spreadsheets, but few are designed to easily port complex donor records from one type of software to another. Making a donor platform robust and affordable is helpful in getting charities signed up. Making it “sticky” (expensive/hard to move data) is a strong tactic to keep nonprofits in the fold. As a result, collecting real-time totals for giving days across all these platforms is very hard if not impossible to do.

Not every new platform thinks proprietary data is a necessary business element, however. Newcomer CommitChange.com is hoping to disrupt the market with a new data strategy. Roderick Campbell, CommitChange Co-founder & CEO, is interested in making data more transparent – at first in the aggregate but in the future in other ways. CommitChange has started testing an open API (Application Programming Interface⁹ or way of moving information between programs) to allow outside companies or collaborators to start seeing donation totals by organizations using their platform. “Transparency and collaboration are two of the biggest problems in nonprofit giving today,” said Campbell. “Opening up transparency – to the point of allowing other companies to build on our platform – will grow participation and increase collaboration across charities.”

CommitChange is challenging other donation processing models in other ways,¹⁰ creating a “freemium” option for donation processing, giving away the basic services in the hopes that charities will pay for add-ons that create more value. CommitChange charges only the cost of credit card processing for online donations, recently dropped to 2.4% plus \$0.30/transaction. “We hope to bring that down even further soon,” says Campbell, who refers to this model of donation processing as “no skimming.”

Processing donations cheaply with add-ons is one way of attracting new business, but Campbell and his team see many more challenges in how giving days have worked in the past and are looking to be part of change in that business as well.

“Giving days have been viewed as geography, and limited to one processor,” says Campbell. “We want donors to be able to define their own community for a giving day. One kind of community may be based in geography, but they could be organized in many, many other ways.” Giving days surrounding specific interests, or with affiliated organizations across large geographies, are only part of the possible ways to attract new donors through social giving.

“The open platform is key,” Campbell notes. “Federated giving days trusts the power to donors and charities, not platforms, to decide how to engage new audiences on their own terms.”

It’s no secret that the growing trend in communications (nonprofit and otherwise) is mobile¹¹. The current mobile world has been fragmented with applications (apps) which do just one thing with just one partner. This may have made sense when very few internet sites were optimized for mobile devices, but with responsive design¹² becoming the norm, the opportunity to reverse this fragmentation and get back to federated standards looms large.

This shift is both challenge to past thoughts on giving days and opportunity to expand them. Few people want to spend lots of time entering credit card information into multiple sites on mobile phones, but as mobile payment processing starts catching up to the responsive design trend, giving days won’t be tied to the desktop anymore. Social networks and messaging tools which have huge new numbers (Instagram, Snapchat, WhatsApp) can be more meaningful participants in a changing future of social giving in their native spaces, rather than requiring users leave the experience and donate in a dedicated desktop platform.

Nonprofit organizations haven’t always been the early adopters of new tactics, but many have been very good at following the money. As social giving days emerge and grow, the tools built to support them must grow to where the donors are, or risk being left behind.

END NOTES

1. <https://nonprofitquarterly.org/philanthropy/22708-donor-retention-what-do-we-know-what-can-we-do-about-it.html>
2. <http://www.barringtongivingday.org/about/history-of-giving-day/>
3. <http://www.nextinnonprofits.com/socialfundraising/>
4. <http://www.startribune.com/local/254742841.html>
5. <http://www.startribune.com/local/232771291.html>
6. <http://casefoundation.org/blog/givingtuesday-moves-campaign-tradition/>
7. <http://www.nextinnonprofits.com/2013/08/gamification/>
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11. <http://www.pewinternet.org/data-trend/mobile/device-ownership/>
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13. http://creativecommons.org/licenses/by-nc-sa/4.0/deed.en_US



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