Beyond Fundraising:
Is Your Charity Ready For A Digital Transformation?

Canada Helps.org
giving made simple

Marina Glogovac
President & CEO, CanadaHelps
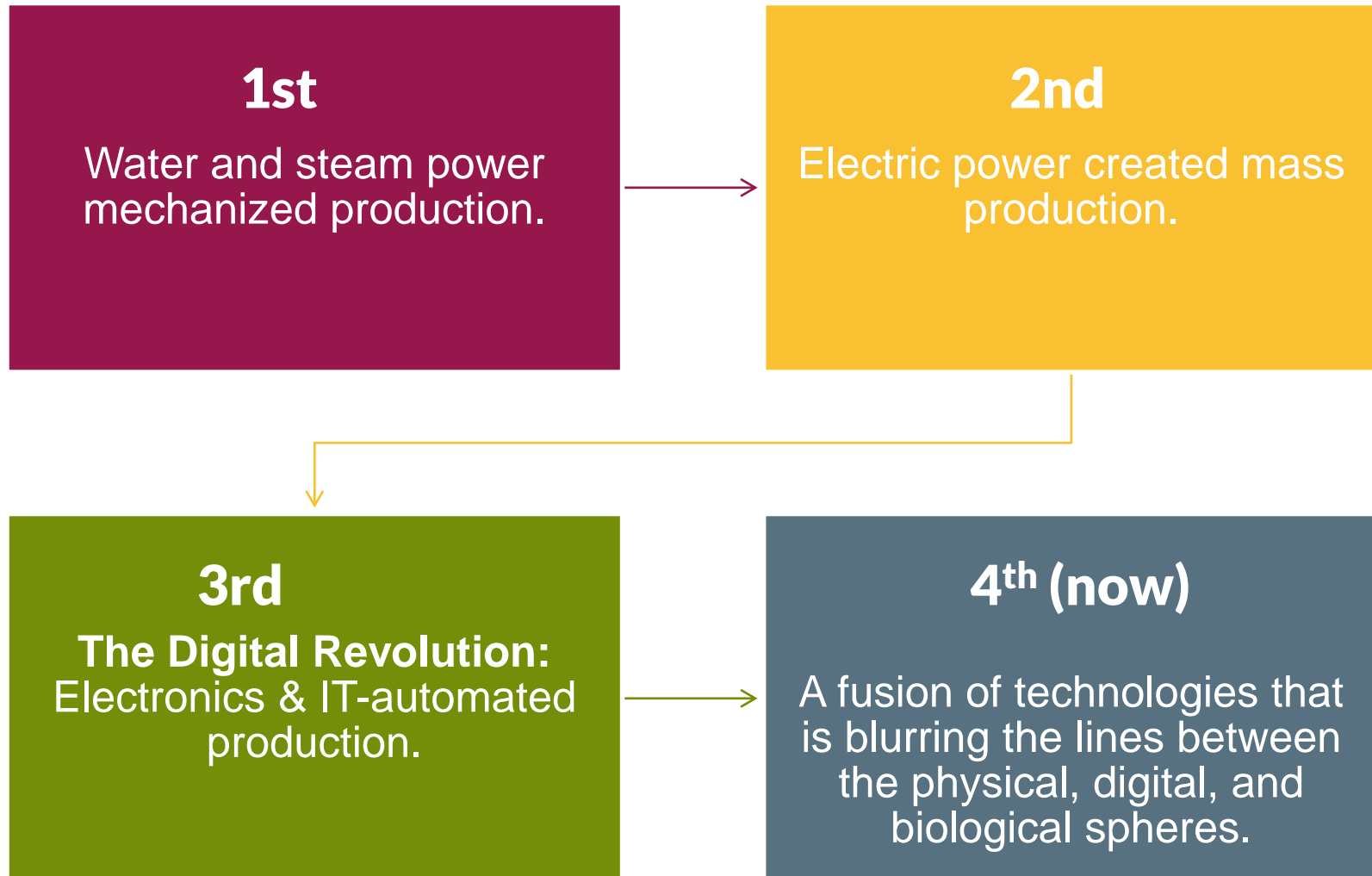
About the Session

Many charities have invested in fundraising strategies for the digital age, but the unstoppable advancement in technology and disruption means charities must look beyond fundraising and develop a wholesale digital transformation strategy for their organizations.

Goals of the webinar:

- Trends affecting us all

- Define what digital transformation is, and is not

- Identify how to start thinking about digital transformation in your organization

- Talk about what you need to do to get going

# Trends

The Fourth Industrial Revolution

1st
Water and steam power mechanized production.

2nd
Electric power created mass production.

3rd
The Digital Revolution: Electronics & IT-automated production.

4th (now)
A fusion of technologies that is blurring the lines between the physical, digital, and biological spheres.

Fourth Industrial Revolution: Klaus Schwab, World Economic Forum

The 4ᵗʰ Industrial Revolution in Action

"One of the features of this Fourth Industrial Revolution is that it doesn't change what we are doing, it changes us."
-Klaus Schwab, World Economic Forum

Google self-driving car

ROBOTICA EPISODE 3
Prosthetic Limbs, Controlled by Thought
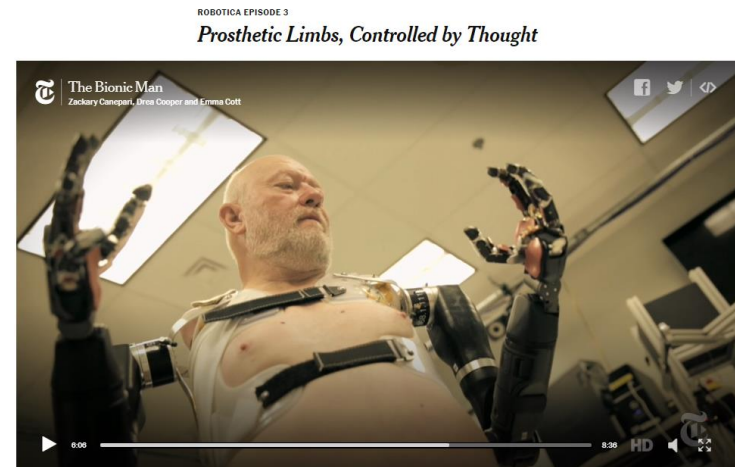
Les Baugh lost his arms as a teenager. Engineers at Johns Hopkins are trying to give them back, but better. Mr. Baugh is testing a robotic prosthetic that he can control with his mind. *Zackary Canepari for The New York Times*

New York Times video about biomechanical prosthesis: "Prosthetic Limbs, Controlled by Thought"

Broad, Technology-Propelled Upheaval

- We live in a time of "disruptive innovations" and "creative destruction". Industries have been wiped out and replaced, and the rules of engagement have been rewritten

- The Fourth Industrial Revolution is upon us following the Digital Revolution of the past two decades

Disruption will continue

- These disruptions were technology-enabled, but they were truly game-changers because of the way they changed the ways that people interact (with each other, with businesses, with authority)

The Rapid Pace of Change

- The world is changing at unprecedented speed because of the rapid adoption of technology in all spheres of life, and because of the constant convergence of new technologies

- The way your donors and supporters expect to engage with your organization is completely different than it was ten years ago, and this will only continue to evolve

- Digital Transformation is the path your organization must undertake to survive and thrive

- The new era is enabled by
    - New and emerging consumer expectations and behaviour

    - Fast scaling technologies: Cloud technology, big data and analytics, Artificial Intelligence (A.I.) mobile, Internet of Things (IoT)

    - Decentralization and interconnectedness – new systems of intelligence

Macro Trends That Matter

- Consumer-centric, platform-agnostic universe – expectations for seamless transitions between devices and platforms (cloud)
  - **Content**: everyone is a publisher, everyone is a story teller
  - **Social**: the rise of communities and social commerce; customer relations are upside down
  - **Person-to-Person** (crowdfunding, recos, shopping etc.); lateral vs. vertical

- Long-tail: "mass niching"/everyone's a maker/micro-entrepreneurship/ micro-lending
  Data: analytics, volume and availability
- Platformation/cloud (enables the first one)
- Organizational impact/new roles/emerging roles
- Sharing Economy, Maker Economy, Collaborative Economy

Data Proliferation and Availability

- Massive amounts of real-time data being uploaded with mobile devices, sensors and wearable technology (Apple Watch, Google Glass, fitness bands, etc.)

- Rise of location-based marketing, commerce, content

- Proliferation of data mining/analytics tools to help find patterns and understand behavior

- Data drives the kind of agnosticism which is both liberating and scary, and this forces us to challenge our most cherished assumptions

Online & Mobile Trends

- Charities need to move to a place where consumers are today – online and mobile.

Online is on track to become the dominant method of giving

- Online giving through CanadaHelps is growing by 20.5% annually. Blackbaud reports an increase of 6.9% for nonprofits in Canada during 2018.

- In the US, Approximately 8.5% of overall fundraising revenue, excluding grants, was raised online.

- 60% of donors in North America prefer to give online with a credit or debit card, the highest of any region.

Mobile

- In 2018, 24% of online giving transactions in the US were made using a mobile device.

- 91 percent of internet users globally own a smartphone, and 84 percent of internet users in in North America.

- 57 percent of surveyed Millennials said they would give money by mobile device.

- Charities need to prioritize mobile readiness!

Source: US Data from Blackbaud, Global Web Index 2017

What is Digital Transformation?

What is Digital Transformation?

- Digital Transformation is a holistic approach to integrating digital strategy and digital technologies into the overall organization – it is **strategic** and **intentional** change

- Digitally transforming is not simply adopting technology into your processes (e.g. creating a website, having an online donation form, sending emails, having a database)

- Technology helps enable this change but it's not the end goal – it's more about *transformation*!

- **You need digital strategy for digital transformation.**

> **"Digital transformation demands that People change the way they work through Processes made possible by Technology."**
>
> *-Net Hope*

Digital Strategy Needs Overall Strategy

- First rule: you cannot develop a sustainable digital strategy in isolation of the overall strategy framework for the organization

- Good digital strategy has to flow from thinking about strategy which is rooted in:
  - the Vision and Mission of the organization
  - a stakeholder needs assessment, 360 view
  - a review of gaps and core competencies
  - decision-making criteria: what is important for you?
  - the long-term view

- The art of strategy is all but forgotten

Strategy then vs now:
  - Static vs. dynamic
  - Centralized vs. democratized
  - Narrow frames of reference vs. broader frames of reference
  - Increasingly 360 view
  - Digital technologies re-defining existing and creating new opportunities

How About <u>Digital</u> Strategy?

- Digital Strategy is a process of identifying, articulating and executing on digital opportunities that will increase your organization's sustainable advantage wthin a context of the overall strategy

- Then vs now:
  - From isolated to integrated
  - From merely a new channel to an influencing force with endemic opportunities
  - From "it's primarily about marketing" to "it's about disruption of old business models and ways of thinking"
  - From "digital team" to everyone in the organization

- Organizational models and role designs are at odds with the scope of change, opportunity and disruption of the status quo, and old models – most organizations are poorly designed to take full-opportunity of the new potential to generate strategic change

Multi-dimensional Potential of Digital Impact

Donors / Customers

- Donor touch points
- Donor data/analytics capability
- Cross-channel experience, unified data
- Predictive modelling

Operations / Processes

- Business/IT integration
- Communication and connectivity
- Knowledge sharing
- Transparency
- Data-driven decision making
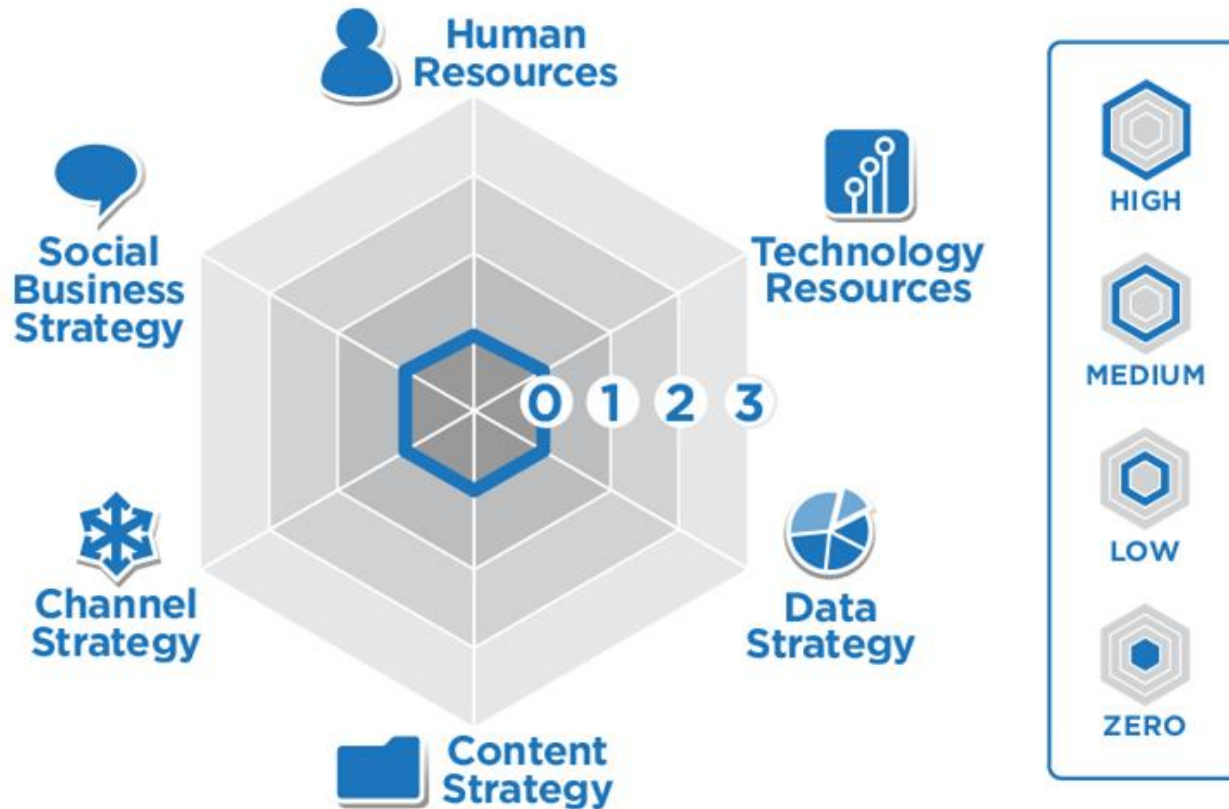- Performance improvement
- Workforce empowerment and tools

Revenue Models

- Transition current models to digital
- New opportunities
- Digitally enabled partnership opportunities
- Innovation – new solutions

Is your organization ready?

Holistic View

The need for de-fragmentation of digital strategy

Source: Digital Strategy Conference, Ottawa 2014

Digital Transformation is All Encompassing

- **Human Resources/Organizational Strategy:** processes for digital world, hire people with digital skills

- **Technology Resources:** technology infrastructure and connectedness

- **Content Strategy:** everyone is a publisher and content is once again king
    - What is your story and where and how are you telling it?

- **Channel Strategy**: be where consumers/donors are!

- **Data Strategy:** Internal and external
    - What matters and what questions are you asking?
    - What are your key performance indicators (KPIs)?
    - How are you collecting, storing, cleaning and using data?

- **Social Business Strategy:** from social media to social selling
    - How are you using networks?

The Digital Nonprofit
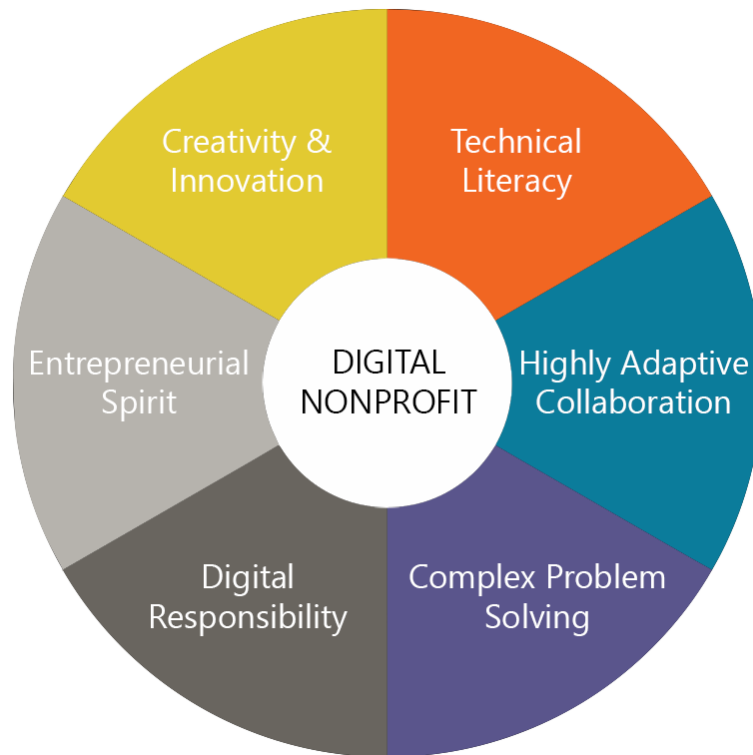
- Organizational competency profile and culture matrix

- Way of being vs. set of tasks or functions

- Opportunities come from thinking and interaction first and foremost – how to enable a new kind of thinking and a new kind of questions

The Digital Nonprofit from NetHope Solutions Centre
Source: https://solutionscenter.nethope.org/the-digital-nonprofit-skills-assessment

Most Digital Transformations Fail

Digital transformation risk was the #1 concern and priority for most CEOs & senior managers in 2019 (Protiviti survey)– but a staggering 70% of all Digital Transformation initiatives failed.

Some of the top reasons quoted:

- Lack of coherent business strategy to anchor the efforts

- Over-reliance on outside consultants and a mindset that one size will fit all (unfortunately, this is a messy process)

- Employees' fear that the outcomes will potentially displace them

- Lack of a "startup" mentality - agile decision making, rapid prototyping and flat structures - most organizations' hierarchies and layers of approval are at odds with the quick learning and tweaking that has become characteristic of our time.

Source: Harvard Business Review, "**Digital Transformation Is Not About Technology**", March 2019

What's Required?

Building Blocks of an Organizational Transformation Mindset

- It's first about the <u>culture</u> not technology!

- Business as usual is an illusion

- It's more than just implementing digital practices and technologies

- Are you afraid of change? How will your culture react to disruption? It is hard to disrupt within without

- Ongoing, continuing effort

- Bring people along – change management is key

- Is senior management involved? It must be led or supported from the top

- Silos are counterproductive to this – they must be broken

- Are you having shared view of where are you at and where you need to go

What Do You Need to Do?

- First and foremost, see this as a priority!

- Make a case to your funders, Board, and other stakeholders for why this is key

- See it holistically, and approach it as a task of integrating digital and technology into your overall organization and thinking

- What internal investments do you need to make?
  - What are the gaps, and what resources are needed?
  - HR practices and acquiring talent
  - Skills development across the organization

- Invest in Research and Development. The low level of R&D investment in the charitable sector is unhealthy

What Do You Need to Do?

- Build digital capacity first
  - ➢ This should not be outsourced (particularly in the non-profit world)
  - ➢ Digital is a layer of reality

- Continuous thinking vs. one-off efforts
  - ➢ What are the organizational mechanisms for carrying this out?

- Understand your data and metrics

- Learning in action. Fail and learn.
  - ➢ Agile yet strategic means that you have a way to decide how to respond to new information

Key Takeaways

Key Takeaways

1. The trends towards digital and mobile, as well as changing donor and consumer expectations will only accelerate. You cannot ignore this.

2. Digital transformation is not about buying a bunch of technology and calling it a day; it is a holistic and ongoing process that is about culture and skills as well as technology.

3. If your organization is not already thinking about digital transformation, start now. It's urgent.

4. Get your funders, Board of Directors, and other stakeholders on board. This cannot be done in a vacuum.

5. Once you start – run a collaborative and inclusive process and bring people along

What questions do you have?