Champions for Social Good Podcast

How Data has Transformed Social Good: A Conversation with Steve MacLaughlin, Vice President of Data and Analytics at Blackbaud

Jamie: Hello. Welcome to the Champions for Social Good Podcast, the podcast for people dedicated to social impact. I'm Jamie Serino, Director of Marketing with the Corporate Foundations Solution Division of Blackbaud. I'm here with Steve MacLaughlin, Vice President, Data and Analytics at Blackbaud. Welcome Steve.

Steve: Good to be here.

Jamie: Yeah, it's great to have you. I've been looking forward to chatting with you. Could you tell us a little bit more about yourself and your background, and a little bit more about what you do at Blackbaud?

Steve: Sure. I've spent a little over 20 years with working with a wide range of nonprofit organizations, governmental institutions, and corporations on technology projects, digital projects, and data projects. For a little over a decade now, I've been at Blackbaud working a variety of ways, but in particular, the past few years, really focusing on how do we transform the way in which nonprofits use data, insights, and analytics to improve their performance.

Jamie: Nice. Can you talk a little bit about what you seen over the past 10 years at Blackbaud and even over the past couple of decades in this area. So much has changed. Can you talk a little bit about that?

Steve: Yeah, I mean, the one constant is certainly change. I think there have been some pretty seismic shifts in how nonprofit organizations, whether they be grant-making foundations, human services organizations, educational institutions, INGOs, the importance and the value placed on the use of data is really increased dramatically in recent years. I think that's a combination of a few factors. One, the technology continues to mature and evolve, and so it's much more readily available to be able to do this type of analysis and get these type of insights, but I think there's some other factors, too. If we think about what some of the things the sector experienced during the recent recession and coming out of that, a lot of organizations are under pressure to be more effective at what they do with limited resources, or in some cases, fewer resources than they had before, and to create scale, to get leverage on solving some of these issues. Whether it's a programmatic challenge, a fundraising challenge, an engagement challenge, that data and the analytic component that comes along with it quickly becomes a nonprofit's best friend because they can use it to help guide decision making, really understand what's working, or in some cases, what's not working in their organization. Really, I'm seeing just much more of a shift away from people and the reliance on gut instinct and the hippo, the highest-paid person's opinion to shift a more, let's use data and insights to inform how things are performing today or how might we improve them in the future and remove some of this guesswork and remove some of the use of more tribal knowledge and that type of stuff than what we've seen in the past.

Jamie: That's great. I'd like to drill into that a little bit more. In recent years, the work that you've been doing with nonprofit organizations, can you tell us a little bit about a success story or an example of doing it the right way of using data to inform decision making?

Steve: Well, certainly organizations have used data for a while and in particular, our Target Analytics division here at Blackbaud has been doing analysis and benchmarking, those projects for more than two decades, but it used to be that it was only the more sophisticated organizations, the organizations who matured to a stage where they understood the value of data and certainly, we're also willing to invest in it. While that's positive, I think we're seeing a much broader set of organizations, smaller organizations, organizations that may be traditionally did not pay attention in this particular area starting to pick up and use data in this way. I think part of that is accelerated by the fact that a lot of the investment work we've been doing from a R&D perspective has been trying to remove a lot of the friction around the use of data for, and this is probably still true to today, in a lot of cases, the use of data is a lot of heavy-lifting. You spend 80% of your time trying to clean up data, make sense of it before you can actually do any real analysis. You're exchanging files, you're importing, you're exporting, ETL, it's a lot of work. There's a lot of friction. One of the things that we tried to do in from a R&D perspective is to try and remove some of that friction, so automate the use of data wherever possible, things as simple as screening constituent donor records on a daily basis and updating that data seamlessly and returning that data so it's consumed in the application without really any human intervention in order to get the insights from it. I think the other thing is introducing more prescriptive analytics, and what I mean by prescriptive analytics would be the use of things like a recommendation approach as, "Hey, you have multiple options to pursue, which one of those is likely to have a better outcome?" or just like we see in our personal lives. Netflix recommending what movies to watch based on your data, and Amazon and Facebook and all these other types of things doing similar things with some of our software applications, so recommending to an end user, here's a supporter that you want to pay attention to, take action on for a variety of criteria. Again, part of it goes back to how do we remove the friction and then create scale. In that one example, we're using some dynamic tagging of records behind the scenes to identify scenarios where people might be lapsing or potentially have a higher gift capacity, but that's not really being realized by the organization. Being able to do a lot of the automated tagging and updating those things, again, behind the scenes while people are doing their day jobs or they've left the office for the day that that technology keeps on running, keeps on working to improve the overall quality of the data. That's very different than what we've seen in past years, and certainly the responsible customers has been pretty positive.

Jamie: Yeah, that's really cool. It's starting to touch on artificial intelligence there, right, would you say?

Steve: Yeah, I mean, certainly we make use of artificial intelligence, and then aspects of artificial intelligence. Artificial intelligence is actually a pretty large category. It comes in many shapes and forms and in particular, things like machine learning, deep learning, those types of things are tools and approaches that we're using to try and improve the user experience, and really the performance of the organization behind the scenes. I think oftentimes, AI, there's a lot of hyper around AI, but where we've been trying to focus is not so much playing buzzword bingo, but what is it, what's the end result, what's the value that we can drive to a customer using that technology because to a larger degree, a lot of how it works, a lot of organizations just aren't really interested in how it works. "Wow, are you using natural language processing to do that? Is this deep learning? Are these neural networks? Is this some Bayesian logic?" I found very few customers who are actually interested in the "how" part. Certainly, some data science folks are curious and things like that, but for the most people, what people are really interested in is what's the value that I can get and how does this help

improve what I'm doing? Certainly, by taking that approach, a lot of what we hear from customers is, "Hey, that's really cool. That's really cool how that helps us improve something. What else can it do? What other tricks can we teach this type of capability to do for an organization?" That's certainly encouraging.

Jamie: Yeah, and so maybe when it comes to AI or when it comes to data or just analytics and when people maybe get overwhelmed, what do you do, maybe to, I don't, either demystify it or help people to not feel overwhelmed by it. How do I get started, how do I get my arms around this? This so much data. I don't know what to do. You probably come up on that, and what's your advice and how do you speak with those people about that?

Steve: Yeah, I mean, it is easy to get overwhelmed by the data. I would say it's an example where the problem contains a solution. With a lot of organizations, what I really try and reinforce them is don't focus on things like the volume of the data and how much of it you have, but really around things like what's the problem you're trying to solve, what's the opportunity that you're trying to understand, and focus there, as opposed to, oftentimes, there's a tendency for people to think, "Well, I have all this data about X, and so couldn't I use that data to find some magic beans inside of it that will help us do something." The reality is, maybe, maybe not. Maybe the analysis will reveal that they aren't magic beans, but where, I think, we are more successful when we engage with customers is around just getting to talk about problems that they want to attempt to solve in that organization or opportunities for improvements. One of them could be, we're trying to improve overall donor retention rate for both first-year donors and multi-year donors. There's lots of problems in there that data could help you solve, and so getting people to focus on that aspect, not on all the ones and zeros of the data and those pieces. Usually once you get people over the hump on that, you start to make progress. The other thing that I found is, especially with organizations where the data culture there is still in the seed stages and just starting to sprout and grow is there's sometimes a tendency to think, well, we need to create a giant steering committee and we need to change the mission statement, we need to talk about "yay, rah" the importance of data. I think, oftentimes, that can create more problems than good. I think you're much better off focusing on picking some more manageable problems or projects to tackle. Projects that are big enough where people would care about finding a solution or realizing some benefit, but not too big where potentially, it causes either some organizational or political challenges within the organization. Pick medium-sized Goldilocks problems. Not too big, not too small. Just right. I think what you find is you start to pick those types of projects that over time, you'll get more comfort, you'll get more experience, you'll build up some muscle tone around the use of data in these ways, and then before you know it, you'll be doing bigger initiatives, bigger projects, solving bigger problems within the organization.

Jamie: That's good advice. You spoke a little bit about the organizational culture. I wonder if you could go into that a little bit more as being part of the, possibly a hurdle or possibly something you could use to your benefit, but if you could talk a little bit more about that, that would be great.

Steve: Yeah, absolutely. For almost a year and a half, I spent a lot of time writing and researching a book that came out last year called Data Driven Nonprofits. One of the surprising things that I found through talking to dozens of organizations and understanding what made them successful with data and why other organizations struggled, one of the things that came through over time was that you could have the right people, you could have right data, you could have the right technology, but if the culture of the organization is not ready to embrace the use of data, it can really cause a lot of problems. There's that famous Peter Drucker quote that, "Culture eats strategy for breakfast," and that's true. I would argue that culture will eat your data strategy for lunch if you're not careful. What I

found was that there are a number of different culture types that if nonprofits have that culture type or aspire, over time, to be more like that, that they can be successful with data. For example, organizations have a culture sharing. They are willing to share data not only amongst their departments and groups, but potentially with affiliated organizations or organizations in other similar mission is one way in which organizations have been successful. Other organizations have a culture of testing. They're not big about sharing data, but they like to test things, and testing things allows them to improve their performance over time, and the measurement of success is based on data, not based on individual opinions or a lot of subjectivity. Culture plays a huge role in this, and ultimately, culture is about your day-to-day habits, attitudes, beliefs, and actions that you do at an organization. What I found is that organizations who are successful in the use of data have found ways to adapt their culture to it, that data is an element there, and depending on their different culture type, they're able to be successful with things over time.

Jamie: How about ... We work with some foundations, and they talk to us about bringing in external data, and then also leveraging their internal data. We had one example of a foundation that in learning more about the community they served, they were able to challenge the assumptions that they made, and then they were able to tie that into the internal data that they had, and they were able to re-strategize based on that project. Could you talk a little bit about that where you're looking to leverage your internal data, but then you're also looking to get external data and just tie that all together.

Steve: Yeah, I mean, that's a really good point. Organizations who are successful of being more data-driven and driving decision making and doing the analysis don't just rely on their own internal data. The reality is, you, especially if you're doing any type of predictive or prescriptive modeling, you need outside data sources because it's unlikely that some of the dependent and independent variables really needed to figure out what's happening are in your data set alone. Also, this idea of, is we're trying to get a complete picture of organizations who are being funded, programmatic work. You're always trying to fill in different pieces of the puzzle, and oftentimes, that it does involve bringing in outside data, whether that's demographic data, consumer-related data. Certainly, we know on the fundraising side, wealth and asset data come into play, philanthropic evolvement. A lot of this stuff is from external sources and what you're doing is you're, overtime, appending that data in and using it to strengthen the overall data set, if you will. It's, fortifies it and strengthen its. It's like taking your vitamins. It's something that, again, organizations who place a value on data health and data quality know that they not only need to keep their own internal data, if you will, to be clean and high quality, but over time, when they identify opportunities to append data to bring in outside data in, it can only help improve the analysis and help you understand what's happening, or in some cases, what's not working.

Jamie: In talking about external data makes me think about the UN Sustainable Development goals or the global goals. Have you been involved with any of your projects that leverage those or took a look at those to map to them or create alignment. Have you done any work there regarding that?

Steve: It varies. One of the first things I like to understand and certainly some of the folks in our Target Analytics group is just to understand where are organization's at today and getting that baseline of, what are you doing today, how are you using the data, how have, maybe, you've used it in the past, but stopped using ... You want to understand the current state of the world before digging into, well, what are the questions you're trying to answer, opportunities you're trying to solve, because you may find out, "Oh, yeah, we did this five years ago, but we haven't done anything since then." Okay, that tells me something. Or, "We're constantly doing that." Okay, that's good to know. You

almost want to get a sense of where is that organization at today before you start prescribing options. It's almost like you go visit the doctor, and the first thing they get from you is your history and physical. They want your medical history, and they want to know things about you before they start prescribing potential diagnoses. That's certainly true on the data side of getting a sense of what have people been doing up until this point, and before, just sort of saying, "You need to do these different things."

Jamie: When it comes to data analytics, have you found that when organizations are able to understand a lot of these things more, understand issues better, understand themselves better, have you been finding that it increases their collaboration with other organizations or their desire to reach out and tackle problems in a more collaborative way?

Steve: I'd like to say yes, but I don't think that's always necessarily true. I think the only thing that I found to be consistently true is that once you are successful with this, that that success begets more success over time. That's why it's always really important when you're doing any of these initiatives to be reporting out to the rest of the organization. The success or the failure of certain things, because even when something doesn't work, you learn something, so the next time you want to try and do it, you would do things a little bit differently. I think that is an important aspect of, especially for organizations who are trying to improve and increase the use of data where maybe they haven't been doing it in the past. They've gotta build some internal trust. It's very easy to fall back into, "Hey, let's just do it how we always have been doing," or, "Let's use opinion or a high level of subjectivity to determine what we want to do." The more you want communicate about the successes of what's happening or what are you learning from when things don't work out, those can be really powerful ways to educate the rest of the organization about what's happening and the value that you're getting from data.

Jamie: Circling back on what you were saying initially, she talked about using data for decision making rather than just using your gut or the hippo method. You also talked about using data as a way to validate things that you're doing. We hear a lot about leveraging data for storytelling and getting a story out there. Could you talk a little bit more about that?

Steve: Yeah, I mean, I think what you find is once people get comfortable in their use of data on a day-to-day basis, the next big leap for them is to become good storytellers, and having data part to every good story, otherwise, it's just anecdotes, and the plural of anecdote is not data. There's a tendency, again, you see that happen all the time where people, "Well, there was that one time, this donor ... This one time, this organization ... This one time, that grant ... " and that doesn't necessarily mean that that's true for all situations. The more often you have data to support a recommendation, data to support a story you're talking about, it just adds credibility and trust within the organization. I think once you get comfortable more on that use of data, again, the next big leap is to start using that data as a part of your storytelling both internally- board members, staff, new employees, et cetera, but also externally as well when you're talking to the public or funders or other peer organizations being able to talk about in terms of measurable impact and measurable results is pretty positive. Again, I think you're seeing more funders and foundations have an expectation of that, and certainly, we're seeing that happen with your typical donor as well. They want more information about what's happening, and you've gotta be able to tell that story using data in an incredible way.

Jamie: Yeah, so I think you're hitting upon something that the donor or the mindset of the donor is changing. I think donors also have a lot of choice, and so where they decide to donate, that could end up, their decision making could be based on what they're hearing from different organizations. Are

you finding that when you work with your customers that they are needing to do more storytelling, that they're finding that they need to wave their arms around a little bit more to attract donors?

Steve: Well, I think part of it is just getting their house in order in terms of the overall health of the data, the quality of the data, and then how they're using that on a day-to-day basis. Things like keep performance indicators and measuring their progress and just getting people comfortable with that. Then, like I said, that next big jump up from there is using it when you're engaging with internal stakeholders or external people as well to be able to paint a picture with pictures and words and data about what's happening, and educating people from that perspective. You know the ... Whenever you're dealing with different groups, you have quantitative people and qualitative people. The reality is you need to be able to account for both of those things that you're likely to, in an external or an internal group, you're going to deal with both types, and so the more you can use data and some of the qualitative pieces as well is a good way to engage and communicate with people.

Jamie: Yeah, I think you have a really good point there. People shouldn't forget about the anecdote that can be tacked on to some data points or that single story or even a photograph that can move people to action, but combined with data is where I think that the two together become quite powerful.

Steve: Yeah, completely agree. Completely agree with that.

Jamie: Where do you see things going the next two, three, four, five years? Advancements, are there any other hurdles to overcome, advice you have for fundraisers or grant makers out there?

Steve: Well, I think what you're going to see happen is the use of data analytics, AI, some of these tools is going to dramatically increase, and there will be organizations who embrace that and use that to improve their performance and differentiate themselves. Just like with any other technological change, there will be other organizations who want to ignore it and hope it goes away, but I think, ultimately, organizations who are able to focus in this area rely more on data and analytics to improve overall performance are going to… I think you're going to create a gap between organizations who really have embraced the use of data. They'll be able to show and demonstrate better results whether it's their programmatic work, their fundraising work, what have you, from those that don't. Ultimately, we know that foundations, funders, donors will have the final say in who they choose to support. I think it'll be those organizations who really focus on the use of data and the use of it across the organization, that people are very comfortable using it on a day-to-day basis, and certainly, it's a part of the technology that they use on a day-to-day basis just like mobile devices and personal agents, that type of stuff. We use Siri and Cortana and Alexa. Those types of capabilities will be in the hands nonprofit professionals, and we'll embrace them because they help us do more with the less or the same, and get better results. It's a win-win combination.

Jamie: That's great. All right, well, Steve, thank you so much for joining us today. It was a great conversation. For our listeners, I hope you enjoyed this episode of Champions for Social Good. To learn more about Steve's research, you can visit the Blackbaud npENGAGE blog, and you can look for his post there. You can also get the book Data Driven Nonprofits on Amazon. You should check that out. You can follow Steve on Twitter, @smaclaughlin. Please make sure to subscribe to this podcast so you don't miss an episode. You can keep up with the conversations between episodes by following us on Twitter @jamieserino @MicroEdgeLLC and @Blackbaud. Thank you for listening.