

Nonprofit 911 – March 16, 2010

Homer Simpson for Nonprofits: The Truth about How People Really Think and What It Means for Promoting Your Cause

with Katya Andresen (Network for Good), Alia McKee Scott (Sea Change Strategies)
and Mark Rovner (Sea Change Strategies)

Sponsored by Network for Good

The MP3 audio transcript can be found at

www.fundraising123.org or www.nonprofit911.org

Rebecca Higman: So, last but not least, of course, I am really excited to introduce our speakers. We have three presenters on the phone with us today. First we have Katya Andresen, who is our Chief Operating Officer here at Network for Good. While she is not doing that, she is also a speaker, an author, and a blogger about nonprofit marketing, online outreach, and the basics of social media.

We also have on the phone a couple of principles from Sea Change Strategies. First we have Alia McKee, and Alia helps nonprofit clients innovate engaging, inspiring, and successful online fundraising, advocacy, and marketing campaigns.

And then finally, we have Mark Rovner. And he is actually one of the pioneers of using the Internet for fundraising, organizing, and strategic communications. So if you haven't noticed a pattern here, where everybody is experience-wise, we are all about online fundraising, organizing and communicating with marketing.

So with all that, I am really excited, actually, to just turn the floor over. Without further ado, Katya, if you would like to get us started.

Katya Andresen: Sure. Welcome everyone on the phone today. We are going to tell you all kinds of fun things today, but don't feel like you have to scribble too many notes. As you know, if you signed up for this call, I have been working for the last few weeks with Mark and Alia on turning all this content into an e-book, which we have just released called: "Homer Simpson for Nonprofits: The Truth about how People really Think and What it Means for Promoting Your Cause."

So we are going to be covering sort of all the highlights of that e-book today, as well as throwing in some extra stories and examples that are not in the e-book to help us communicate just how important all this stuff is. And by stuff, I mean behavioral economics, which sounds like a pretty dry term, but I want to open today by talking a little bit about what that is and why it matters to you.

I thought I would start us off today with a joke. I should say my husband is an economist, so I am allowed to make jokes about economists. This is a very old joke about an economist that you might have heard before, but I think it is quite funny.

Three people are stranded on a small island. One is a physicist, one is a circus strongman, and one is an economist. After a few days of scrounging around and surviving on fruit, they discover, hidden in the bushes, some canned food. So all they need to do now to survive is figure out how to open it. The physicist says to the strongman: "Why don't you climb that tree and smash the cans down on the rocks

and burst them open?” And the strongman says, “No. That would splatter everything all over. I’ll open the cans with my teeth.” And last, the economist says, “First, we must assume that we have a can opener.”

I don’t know if you have studied economics, but in economics you assume a lot. And probably the biggest assumption at the core of economics is not necessarily can openers, but it is a massive assumption. And that is that people think and act like rational beings. And if we want to debunk one thing today, it is that. And even economists are busy debunking that, and that is what the behavioral economy field is all about.

It is about this idea that we don’t go around making incredibly rational decisions. In our buying behaviors, if we are deciding to purchase something, we don’t coolly weigh the pros and cons. We don’t embark on a rational veneer thought process. We don’t consider all the facts at hand, analyze all the numbers, and then come to a decision. In other words, we are not mini Spocks from Star Trek. We do not think like Spocks.

And it is really important that we point that out. And the field of economics has discovered this in thinking a lot more about how we really think, because otherwise, we are assuming can openers. We are assuming things that just aren’t there and aren’t the case, and that are going to run afoul of our work to persuade people.

And that is really important for us, right? We are not trying to get people to buy something. We are trying to get people to donate, to support, to take action. And whether they do that or not has a huge impact on how successful we are in our mission.

So we really need to understand what moves people. And if people are moved by facts solely, and have a linear thought process, and were very rational, that would be easy. We would just throw a bunch of information at them and watch the money flow in.

One of the red flags of marketing is: if you ever hear yourself saying, “If people only knew…” If you start a sentence with the phrase: “If people only knew,” you are in trouble, because the problem we have, folks, in persuading people to take action is not a lack of information. Throwing information at them and hoping they will behave in a rational manner is not the solution.

The example I always like to give is how many of you know it is a good thing for you to exercise every day? And how many of you have exercised every single day so far this year? OK? If information were enough to ensure action, we wouldn’t need “Homer Simpson for Nonprofits.” We wouldn’t need the field of behavior economics. But we do because we don’t act that way.

In fact, we are much more like Homer Simpson than we are like Spock, and hence the name of this e-book. Think about Homer. He’s got a limited attention span, he’s a very impulsive guy, and he is really ruled by his emotions. He is sort of an exaggerated version of our right brain, just as Spock is sort of an exaggerated version of our left brain.

Mark always likes to say the right brain decides, the left brain justifies. That is really what happens. We make our decisions based on our Homer instincts and our emotions, most usually. And where the rational stuff comes in is usually around rationalization-around convincing us that what we emotionally want to do is the right thing.

And so what we want to cover today is: “Well, how is that right brain working exactly?,” because what is really neat is even though we are not rational beings, we are predictably irrational, which is the name of a book we strongly recommend by someone who has done a lot of studies of behavioral economics. We can predict people’s behavior if we really understand how they make these emotional decisions. And that is really what behavioral economics is all about. And we think that a lot of it has incredibly important implications for the work of nonprofit marketers and fundraisers.

And Mark and Alia and I have been working together to figure out which are the most important principles of behavioral economics that we need to keep in mind as fundraisers. And that is what we are going to cover today. There are eight principles that we illustrate in the book, and we are going to go one by one, round robin, and cover those. And I think they should do a lot to wake you up to that irrational mind of our supporters and how understanding it can make us far more effective in our work.

So on that note, I want to turn it over to Alia, who is going to talk about our first principle.

Alia McKee: Thank you so much Katya. All right. So let’s just dive into principle one: Understand Homer, but don’t use his ethics. So this is an overarching guiding principle to approaching how we can use behavioral economics in our work. And the idea behind principle one is that regardless of your product, whether you are selling bacon cheeseburgers, which most of us on this call are not, or advocating for healthcare for all of our children, there is a line between using the principles of behavioral economics to manipulate rather than persuade. So the idea is that you should understand what moves Homer Simpson to act but not use his ethics in getting him to act.

A great framework for understanding this principle comes from the book “Nudge.” It is called “libertarian paternalism,” which sounds pretty weighty, and heavy, and boring on its own. But when you unpack it, it makes a lot of sense.

So “libertarian” means that people should be free to choose and do whatever they want. Choices are not blocked off for this. Paternalism, on the other hand, means that it is legitimate to try to influence someone’s behavior in order to make their lives better, or make our communities stronger, or change our world into a better place.

So when using principles of behavioral economics, choices shouldn’t be blocked off — that’s the libertarian aspect of things — but you can design those choices to influence someone in the direction that is best. That is the paternalistic side of things.

So what does this have to do with us as nonprofit marketers and fundraisers? Well, the exciting thing is that anyone who organizes the context in which people make decisions can practice libertarian paternalism. And as nonprofit marketers and fundraisers, the decisions we are asking people to make are very important. So paying attention to how we design those decisions so they speak to the Homer Simpson in all of us should be equally important.

So in addition to the examples we include in the book, here is another real world case study direct from the cafeteria that can show you how you can put this in practice, this concept of libertarian paternalism.

So there was a large city school system who was concerned about the choices kids were making in their school cafeterias; a concern shared by many school districts across the country, many moms and dads across the country as well.

So without changing any of their menus, the school district tried rearranging the ways the food was displayed to see how this might influence the choices the kids would make. In some schools, the desserts were placed first. In others, the desserts were last. In others still, the desserts were in a completely separate line. The locations of various other food items, French fries, and carrot sticks, and all of that good stuff were also varied from one school to another. And they did some creative things with how things were displayed, you know, whether it was at eye-level or in different places around the cafeteria.

Well, the results were dramatic. Simply by rearranging the cafeteria, the school system was able to increase or decrease the consumption of many food items by as much as 25%. So the junk food wasn't banned from the cafeteria. That's libertarian, right? But the floor plan was organized to encourage healthier choices. That's the paternalism.

As we say in the book, a simple example of this in action in our everyday work could be a pre-catch opt-in box for your online communication subscription, right? You are not requiring people to sign up to receive your email communications, but you are encouraging them through a nice little nudge.

Another example is holding your fundraising auction before your gala dinner. You are not requiring that people have to bid on an auction item to attend the gala dinner. But you are making it easier for them to do so so they don't leave after the dinner and before the auction.

So we find the best way to think about this is, number one, ask yourself: What is it I want my audience to do? And that shouldn't be any surprise to fundraisers and marketers, because we should be asking ourselves that all the time.

Number two is really important. We want to identify the potential barriers that might prevent them from doing it. And you can take learning's from the remaining principles to help identify some additional barriers you might encounter.

And then number three: list those barriers, not by blocking off choices, but by making it easier for your constituents to make the decision that is in theirs and your best interest.

I am going to wrap up here in just a second, but I want to emphasize that the more you think about this framework, the more clearly you can figure out how to put it into practice. In the e-book I mention a "click to call" tool, which is a very small but effective nudge being used in many advocacy campaigns these days. So the idea behind this is that activists enter their phone number on an online form, and then once they do that, they receive a call automatically connecting them to the official you need contacted. This nudge takes the responsibility of actually calling off your constituents. Hey, they are really busy and they have lots of things to do, but they still get the call, which gets them to pick up the phone.

So my challenge to you is to identify a few potential opportunities like this you have for designing choices, and then consider how you might lift barriers your audience can encounter so you can nudge them in the direction you want.

All right. So that wraps up principle one from me, and I think Katya is set for principle two.

Katya: I am. So principle two really builds off what Alia just laid out here. And we call principle two the “left brain need not apply.” But what principle two gets into is: how is the left brain the essential part of getting someone to make a donation? If what we really want to do is appeal to the more emotional side of the brain, which, by the way, is easier to move than the rational side of our brain, how do we go about doing that? And how does that all fit together with what Alia was just talking about, which is removing barriers for people?

So I want to give you a really useful framework for that, and I am going to start by giving you an example of myself. So I am a big, ambitious planner. And every night before I go to sleep around 11 PM or Midnight, I come up in my mind with all those great things I am going to do the next day, and the great ways I am going to improve my life, the world, my role as a mother, etc. And I come up with this mental list, and it usually includes getting up at some incredibly early hour, like 4:30 or 5:00 in the morning, so that I can exercise for an hour, and work on my novel, and then do this, and then do that, and then go to work, etc.

And then, what is going on there? Well, that is my rational brain. That is laying out the things that I really should be doing if I want to be successful. Then the alarm clock goes off around 4:30 or 5:00, and then I am in the state of mind that most of us are in most of the time, which is my right brain, and I am exhausted, and I’m tired, and I tell myself that it is OK to turn off the alarm clock and sleep another hour. And then my right brain starts coming in and justifying, telling me, “That’s OK. Sleep is really important for productivity,” and so much for that schedule.

Well, there is a great book out, and I don’t know if you have heard of the author of “Switch,” Dan Heath, who wrote the book with his brother Chip Heath, but he tells a similar story about how the mind works, and he has come up with a great framework for showing how all these pieces fit together. And he presented on this in a recent 911 call we just had at Network for Good. And if you didn’t see it, by all means, go online at fundraising123.org. Under the training tab, you can even get a copy of the first chapter of his book.

But what he lays out there is: What do you do? You have people who want to do the right thing, right? They have this rational mind, but they are usually deciding what to do based on this bigger, sort of emotional piece of ourselves which is harder to move and to get to do stuff, which prefers to react from a different kind of place. And he kind of calls that our “elephant”; we have a gigantic elephant that we are trying to move to get to do things, which is our emotional side.

And our rational brain, it is like the little rider on top of an elephant going through the jungle, and it is trying to pull the elephant this way or that way, and it has good intentions, but sometimes it is hard to bring the elephant along.

And then if you think about that rider on top the elephant going through the jungle, the path that the rider is one also affects things. So that is what Alia was talking about when she was talking about removing obstacles, and she was talking about libertarian paternalism. It is this idea of making it easier for people to make the right choices.

So what Dan Heath described in our recent 911 call, and what he covers in “Switch” is very much a part of behavioral economics, which is you have to do a little bit of all three, but the emotional part is the most important part of fundraising.

So the three things you need to do are, first and foremost, you need to motivate your elephant. You need to tap into the emotions of the people that you want to support you, because giving and doing good comes from an emotional place, and it literally feels good. People want to save the whales not because they want to protect Shamus in the world. They also want to give money to feel the glow that comes with being the kind of person that helps save whales. When we appeal to people, that is the side of them that we want to reach.

So where do these other two sides come in? Well, we also want to provide that rider a clear direction about what he wants to do. Now that the elephant is paying attention, where is it supposed to go? What do we want people to do? We want to provide a crystal clear call to action. And this is the place where we fall down a lot in the nonprofit sector. We might do a good job finally sparking emotion, but we just kind of have a PSA that really has no clear call to action- “Stop Global Warming” or something very general, and no one is sure what to do.

You want to have this one, two punch of a really strong emotional appeal with a very clear direction given to the rational mind. And then last, as Alia covered with the first principle, you want to shape the path. Getting people to change is easier than we think it is. You know, we often blame Homer, right? “Oh, people are just too emotional,” or, “What’s wrong with them? Why won’t they change?” Rather than making it easy for people to make the right decisions with a little bit of that libertarian paternalism.

And the way Dan Heath puts it is: “A people problem is often simply a situation problem.” If you put people in different situations or you make it easier for them to act, then they are going to be more likely to make a change.

So let’s hone in on that motivating element piece, because if you take nothing else from what we cover today, besides the fact that people are irrational, though predictably so, they are also emotional and giving comes from an emotional place.

So what is the best way to motivate people to give through emotion? It is through story. And Andy Goodman, who is a wonderful expert on storytelling in the nonprofits sector, and Mark and Alia and I are all fans of his, likes to say, “From one idea to pass from one person to another, it must be contained in something that can be easily transmitted.”

When was the last time someone came up to you and said, “I’ve got a juicy statistic to tell you.” Right? No. We don’t communicate that way. We communicate through story. And for us to transmit that emotion, and for us to instill that desire to help in other people, the best packaging, the best container for that, is story.

And so if we start to move to applying this principle to fundraising, what you need to do is think about moving the elephant with a story that has the emotion at its center. And it doesn’t even need to be a necessarily perfect or pretty story of a miraculous transformation where everything went right. It just needs to be a real, authentic story of someone or something that was changed by your organization.

I'll give you an example from Network for Good. One of our customers is The Dallas Academy, which is a school in Dallas, Texas for students who learn differently. And they have a girl's basketball team. And the girl's basketball team has not had the greatest record, but they go ahead and they play all the other tough schools in their league and keep a tough schedule anyway. But they had a particularly bad loss last year. They went up against The Convent School and they lost 100 to 0, which is a pretty bad blow out.

And a couple of really interesting things happened. If you worked in fundraising in The Dallas Academy, and you were talking about your students who have some problems with learning and they learn differently and all the wonderful things the school does for them, that it's a support environment, teaches people to overcome adversity, etc, you could all say that in the language I just used. That is talking to the writer. What happened was when the media got a hold of the story, and it became a big deal, and eventually it hit international news, this loss. Dallas Academy saw this as an opportunity to embrace that story and use it as a way of conveying what they're all about.

And there are some great interviews that the Dallas paper did with the team members where they talk about, "We're not really in a position where our team is ever going to win, but that's not why we play. We play because we want to learn and we want to get better. And basketball is one place we want to do that, but we want to do that in all of our lives, and that's what our school's about, and that's why we kept playing the game. We didn't forfeit. That's why we keep at it, because we believe it's a journey. And learning to get better and learning as part of experience is what we want." And they got a lot of online donations as a result of embracing this story.

But they were able to take some very, very intangible ideas about what the school stood for. And they saw an opportunity when there was a lot of attention directed to their team. And they did the three things we're talking about. They told a story, they included a clear call to action, and they made it really easy to act with their online giving. And those are the three pieces you want to really look for when you're using this paradigm of speaking to the elephant and really moving that elephant emotionally, directing the rider and shaping the path.

So, I want to leave you with some ideas here of how to apply this to fundraising within your own organization. First of all, you need to make sure that you can tell three or four stories that exemplify the work of your organization and are just real tear jerker's or make people smile or are memorable in some way. And you want to always have those. And they aren't stories jammed with statistics. They are strictly about people or animals or individuals.

And you want to make sure you're incorporating those stories into all your fundraising and marketing channels. And make clear, by the way, that those stories are emblematic of your work. If you don't have earmarked fundraising, or you're not raising money for that specific person, you want to be very transparent about that and be clear that this is someone who's emblematic of your work. But you want to emotionally connect your donors to that individual beneficiary as someone who exemplifies what you're trying to accomplish in the world and the changes you make happen every day.

And then, make sure that after you tell that great story, you have a way for people to take action and you make it really clear. And don't be afraid of doing this everywhere. And don't be afraid of push back within your organization from people who say that that's just one example of the work or it's not representative of everything you do. Don't be afraid of emotion. It's not sappy. It's what makes people care, and it's what make people give. And with that I'm going to turn it over to Mark, who's going to talk about principle three.

Mark: And before I do, I just want to add a couple points. One is, Katya, if you'll recall, we did a Fundraising 911 on storytelling, which I assume is archived.

Katya: Yes.

Mark: And would be a quick, one hour learning experience for how to construct a good story. And the other thing that's occurring to me as we're going through this is we have to use our right brains, our intuitive brains, to get our heads around this stuff, too. And it's going to be important to have the checklists and the to-do lists and those kinds of lists. But the other thing we need to do, and I think we've not been good at this in the online fundraising community because we have so many numbers to play with, is we have to make sure our gut check is in good shape too, because the chances are there are stories, like that wonderful basketball story you just told, that are abounding every day in every one of your lives. And they're just going by unseen, unrecognized, and untold. And I could see how a situation like that, if it was contrived, Katya, might not work, and there is something about the spontaneity, about the way it all unfolded, that was very powerful. So we can't get a hold of intuition and emotion as a tool without honing our own intuition and emotion. I guess that's what I'm trying to say.

So anyway, moving on to principle three, social norms and market norms. Much of this is from a chapter in Dan Ariely's book, "Predictably Irrational," that Katya and Alia both mentioned earlier. And I would say, if you only read two books, business books on behavior economics, "Predictably Irrational" would be one and "Switch," which Katya just talked about, would be the other.

And the point is this, and it's a pretty simple point. Every one of you on this call is going to make a thousand decisions today. You're going to decide what to eat for lunch. You decided whether or not to devote an hour to this call. You're going to decide whether or not to send an e-mail. You're going to help a little, old lady across street, possibly. You might donate to someone else's cause today. You're going to do hundreds of things, and what the behavioral economics has found that every single one of those decisions is going to be driven by one of two very distinct rulebooks that you are carrying around in your brain. And he calls them "the social norms and the market norms." The market norms are the more pervasive. I give you five dollars, you give me a tuna sub. I swipe my fare card, you give me a ride on The Metro. It's arms length and the basic rule of that rulebook is what's in it for me.

The less common and more powerful rulebook, the social rulebook, is driven by the question, "What is the right thing to do? What is the morally right thing to do that's going to make me feel better as a person?" That's the helping the little, old lady across the street. That's the doing something because it's a

good thing to do. It's helping your friend decide what kind of computer to buy. Fixing someone else's spare tire.

Dan Ariely tells this wonderful story that encapsulates how these two rulebooks coexist in our mind, and I think points us directly to how it affects the way we communicate as fundraisers. He tells the story of a day care center, and I have two kids and I'm guilty of this, too. This day care center had the problem that even though they closed at 6:00, a lot of the parents would, kind of, drift and drab in around 6:10, 6:15, 6:20, and that meant that all the day care staff had to stay late to put little Johnny and Judy in their cars home.

And so the day care center decided what they would do is they would institute a \$2.00 per minute late fee. So, if you came at 6:05, you're going to have to pay \$10. And they figured that penalty was going to motivate people to come early because no one wants to pay that penalty.

Guess what happened? Tardiness went up. And they couldn't figure it out until Dan Ariely somehow got involved and explained to them that what they accidentally did was shift from a social norm to a market norm. The social norm was: "It is rude of me to make these teachers stay late because I can't get there in time to pick up my kid." The market norm is: "How much is it worth to me to be ten minutes late, to do ten minutes more in the office, answer a few more e-mails?"

And more people, once a market norm was established, made that cold, calculated decision that being a little bit late was worth the few bucks. Then something else happened. They kind of got wise, and they went, "OK, OK. Never mind, never mind. We're going to do away with the late fee." And tardiness stayed up. And the reason tardiness stayed up, Ariely tells us, is because once you replace a social norm, doing good for the sake of doing good, with a market norm, doing what's in my personal interest, it's almost impossible to erase the market norm. The market norm has taken over. Now, those of you who are fundraisers have probably already jumped to the conclusion of how this might apply to us. For those of you who run museums or aquaria or zoos.

You run into this all the time. You charge a fee for admission, people come in, and then you ask them for \$1,000 donation and they just give you a blank stare because you already have a market based relationship with them.

But most of you don't run zoos or museums or aquariums and you still may be running into this problem if you're offering premiums to donors- if you're offering a calendar, or a mug, or a pen, or whatever the premium du jour is. You're basically signaling to a potential donor that this is a market relationship and not a social relationship.

That's very much not true with major donors where it's really philanthropic, where you're appealing to their sense of being members in good standing of their communities. You could argue there's still self interest but it's a higher self interest, it's an altruistic self interest, or I think the Dalai Lama called it 'selfish altruism'.

But with small dollar donors, when you start offering premiums, you're triggering that market based relationship. The problem with market based relationships is that they are very, very fragile. They might decide they don't want to give to you any more - that someone else is giving a better stuffed animal or has a prettier calendar and they'll bugger off to the next charity over.

This has been experienced in real life for those of you who have run or are currently running large direct marketing programs. You have experienced the harsh reality that the only way to get a premium driven donor to give again is to offer them another premium. That is the power of a market based relationship.

So what I would challenge all of you to do, rather than give you a to-do list, I would challenge all of you to do one thing. Go look at the fundraising copy on your website and your fundraising emails and your fundraising direct mail and ask yourself, “Am I appealing to those powerful but fragile social norms – fragile in the sense they can be interrupted - or am I appealing to market norms which are more emotionally detached?”

And with that I’m going to pass it on to one of you. I can’t remember.

Katya: Katya.

[laughing]

Katya: Thanks, Mark. I want to dive into principle four here. And we make that very brief, but I think it sums it up, which is small not big. What we’re getting at there is an essential paradox of human compassion and the human mind which is, when it comes to problems, the bigger they seem, the smaller our concern. The more people that are at risk in a situation, the less we care.

That makes us sound like really wretched people, but that’s not the case at all. We’re human beings and we relate to other people on our own scale, which is, we can understand the idea of one person or five people. We have trouble getting our mind around what 5,000 people look like or 5 million people.

When you start to talk about numbers and you start to talk about a grand scale, we start to lose our ability to connect to what we’re hearing. There’s a very famous study some of you may have heard – Nichols Kristof wrote about it in the New York Times. I want to tell the story again, though, because it’s just the best example of what I mean by this.

Deborah Small, George Lowenstein and Paul Slovic did this study a few years ago, and what they did is they gave a group of people different appeals, and there were three versions of the fundraising appeal.

The first one was to help a seven year old girl named Rokia who lived in Mali and who was desperately poor and faced a threat of severe hunger, even starvation. The second appeal was this appeal in general about Mali and it talked about the fact there were millions of hungry children out there who needed help. Then the third test, and this is very interesting, was to help Rokia, but there was also with Rokia, information about the larger context for hunger in her country and some statistical information.

So what happened? The first appeal – the one that was just about Rokia, one girl, led to the most donations - twice as much as the amount to help millions of children. The third appeal was less than Rokia. So you put in any amount of data and statistics and the donation went down.

I think there’s a real parallel here. Just as a human, we relate better to one human than two or five or 20. Mark was just talking about market norms and social norms. You start talking numbers and you start talking on larger scales and people switch out from one side of their mind to the other and it’s very hard

to pull them back. And the fact that this mixed appeal did not work very well is just yet another illustration of the importance of staying, in terms of your fundraising general social norms, and then in terms of scale, sticking to the small scale and not the large scale.

And so Paul Slovic got really curious. He said, "Gosh. I wonder what the number is. When do we lose people? Is it 20? Is it 2 million?" It's actually two. So he did a study where he put Rokia next to a boy named Moussa and donations went down.

So we can lament the fact that people don't want to hear all about the grand scale of everything we're doing or our statistics, etc. Or we can just embrace the fact that we're human beings and we relate best on a human scale to one other person.

That means when you're talking about things like malnutrition, you don't want to talk about millions of people. You want to talk about things on a scale where we feel like we can relate, OK? And if you have to put a number in something, it better only be one number in your appeal. You get more than that and you're really going to lose people.

Which brings me to principle five, which is sort of another dimension to what I just described, which is it's very important that we feel that the people that we're appealing to feel that their gift will actually have an impact.

One of the reasons it's important to focus on one person instead of one million is it makes it more believable that we can have an impact. Another reason is because of contrasts and the idea of proportions. Let me explain what I mean.

So Paul Slovic, I've already talked, about did another study, which is very interesting, where he gave people the opportunity to donate water to refugee camps which was in Zaire, which is now a democratic Republic of Congo. They had the opportunity to donate and save 4,500 lives in the refugee camp by getting this desperately needed water to the people there.

Some of the people were told the refugee camp had 11,000 people in it and some were told it had 100,000 people in it. But the number of lives you could save was the same. It was 4,500. Now, if we were rational human beings, if we were Spock, if we were completely focused on the numbers, that should make no difference in the number of people who gave or the amount they gave. It should make no difference. The actual number of lives saved is exactly the same.

But what happened? The experiment in which there were fewer people in the camp, people were much more likely to donate than they were if there were many, many more people in the camp. What is going on there?

Well, what's going on is the idea of proportion and impact. People felt that what they were doing was a drop in the bucket once the numbers got really large. That is very important for us to remember. We get really whipped into a frenzy about our cause and about the scale of our cause and the scale of the need and the scale of the help that's needed.

And in that process, we not only run afoul of principle four, which is small not big, we run afoul of principle five which is you need to focus on hope not hopelessness. The bigger we scale, the lower the impact seems, the more intractable the problems seem, and the less likely someone is to donate.

So what does this mean for us when we're fundraising? A few things. Number one - focus on as small a scale as you can. Number two - make really clear what the impact is. Be careful with gloom and doom messaging. If you make the problem seem too big, we're going to feel like our donation won't make a difference and we're not going to want to give because we're going to feel like the impact is just a drop in the bucket.

This is really important - the proportional piece, and especially for you environmentalists out there. Global warming, gloom and doom messaging around the environment - we're really running into trouble there as fundraisers because we're coming right up against this hope not hopeless issue. So keep that in mind. Really important.

The third point I want to reinforce here is just positivity. Make sure that people feel they can make a difference. I encourage you to go back and comb through your appeals and make sure you're getting support or something that can stick. Are you focused on what your support can achieve or how bad things are?

And last point - if you're going to set a fundraising goal, back to the idea of hope not hopeless, make sure the fundraising goal itself seems achievable, not just the resolution of the social problem, OK?

There have been some really interesting studies that show donors are much more likely to give if they feel their gift gets you very close to the finish line of your campaign goal. So this means if you are running a campaign and you are trying to raise \$10,000 and you've only raised \$100, don't put that ticker on your homepage just yet. Don't talk about how few people have given and how far away you are from the goal. Talk about how someone can really carry you over that finish line, because people want to feel like they made a difference. If you go hopeless, your supporters are going to lose hope. And if you scare them with scale, you're going to lose. But if you empower them with feasible steps, you are going to make social change. With that I am going to turn things over to Alia for principles six and seven.

Alia: Great. Alright so let's jump into principle six. It's all about peer pressure. So my niece is six years old. Her name is Annika. And she used to love robots and cars and Star Wars. And any frilly gift that I tried, any frilly gift that I gave her was quickly tossed aside. That is, until she met Amy, her cool new neighbor who just moved in, I think it was last September. And Amy loves all things pink, Barbies, and princesses.

Needless to say, Annika, this March, is having a Barbie themed birthday party and is growing her cute pony bob into a long pony tail, much to her mother's chagrin. So while we know that peer pressure will always be alive and well with the young set, it doesn't stop there. Peer pressure, and what I will refer to as social norms, are equally as important in influencing the adult Homer Simpson's in us all.

If we behaved rationally, it wouldn't matter what our friend's were doing, or what our neighbors were doing, right? We would make our own decisions; make the decision that was right for us. But we don't behave rationally. People are programmed to pay attention to what other people like them are doing and emulate it.

So the good news is that by understanding social norms, you can help leverage this, I'll call it a vulnerability, but it's not necessarily a vulnerability, but you can help leverage it for good. For instance, in one study, researchers ask each of four groups of utility customers to cut energy consumption for a different reason. So the four reasons they named were cut energy for the good of the planet, one group had that message. The second group had cut your energy use for the well being of future generations. The third group had cut your energy consumption for the financial savings, what you'll gain. And then the fourth group had a message that said, cut your energy consumption because your neighbors are doing it.

So by comparing the electric meter readers, the researchers determined that only the last message had any effect, and it elicited a 10% drop in consumption. And a subsequent study found that when electric bills compared a customer's energy consumption against the neighborhood average, over using customers scaled back. So if you got your bill in the mail and it told you what your neighbors were using, what that social norm was, and you had been using more, you scaled back and started to use less. But what's really interesting is that the social norm is so powerful that the people who had been thrifty, they also responded. So they got their bill in the mail, it said, "Hey good job. You know, you are using less than what your neighbors are using," and they responded by starting to use more energy, right? Because they were like, "Hey, you know, we are doing great. We are gonna sort of pare back and go towards that social norm."

But the weirdly effective fix on this was what the utilities figured out they needed to do. They had to add a smiley face to the thrifty people bill, so it was like a gold star from a teacher, right? Like, "OK, don't veer back towards the social norm. You are doing a good thing."

In the e-book we discuss a similar example with those towel placards in the hotels, where social norms message increased towel re-usage by 18%. So peer pressure, social norms, it's a definite powerful motivator of the Homer Simpsons. So how can we use it to help craft our messages?

Well, first and foremost, it is important to think about connecting your donors and activists to the larger movement you are creating. And in this hyper-connected world we live in, this is even more important than ever. Donors want to know that other people like them are donating to your cause, right? It sort of gets into what Katya was saying- It's scalable, right? They don't want to feel like they are the only person out there helping. They want to feel connected to other people who are donating. Activists want to know that other people like them are taking action or calling their senators, or coming to the rally, right? Nobody wants to be the only one at the party.

Barack Obama's very successful "Get out the vote" message, it was created by a team of behavioral economists and it was simple. A record turnout is expected. One online campaign that I think did a particularly good job of connecting people together was a campaign called 350.org. And we're running a little short on time, so I'm not going to get super into the specifics here, but really they did a great job at showing an impressive global wave of people united together across borders and cultures. And if you are interested, definitely go and check it out, and you can see how they use social norms as sort of a little bit of peer pressure to influence their fundraising and their advocacy work.

So it's not hard to start applying social norms to your communications. A few things you can do. First off, you can visually show how many people are participating in a specific campaign or action, right? So Avoz [sp], I put this in the e-book, they have a beautiful little thermometer that shows how many people have taken an action before people even take the action.

The second thing is definitely incorporate language that shows how many people you have with you into all of your communications. Don't forget to make sure people know that there's a movement behind what you're doing.

Third, connect your donors to one another through fundraising campaigns and other social media channels like a donor's blog forum or Facebook. I know many of you are experimenting with social media and it's a wonderful way to connect to your donors, but it's also a wonderful way to show them who these other people are who are connecting with you.

And then finally, you can consider connecting your donors and supporters through a clearly articulated value statement that expresses who they are for being related to your work. What does that say about them? And that is a really nice way to bring people together.

So with that, I am just going to jump into principle seven, which is all about authority. And I'm going to start this with a little story about something that happened to me the other day. So I went bowling with my friend Kevin who was visiting me from San Francisco. I live in Austin. And Kevin is an avid bowler and he happened to wear his favorite black bowling t-shirt. Well, it's not a t-shirt, it's a bowling shirt. And it just so happens to match the standard attire of the staff at the alley.

So we pulled into the parking lot, which was really crowded, and as we were getting out of our car, Kevin's door was jutting out into one of the few available spaces left in the lot. And it was at that moment that a woman pulled up and said "Hey, can I park there?" Well Kevin jokingly said "I don't think it would be a good idea." And to our surprise, the woman said OK and promptly drove off, right? And Kevin felt badly, and I did too, so he found her inside and apologized, saying, "You know, I'm sorry I made a bad joke." She explained she thought he had worked at the bowling alley, right? And she didn't want to press the issue because she just figured there was a reason she shouldn't park in that spot. [laughs]

So it turns out that Kevin's black bowling shirt had put him in a position of authority in her eyes. So this brings us to our seventh principle. People are usually more than willing to follow the directions of someone they deem to have relevant expertise or influence, even when it doesn't make sense.

[Mark laughing]

Alia: He is wearing a bowling shirt! [laughs]

Mark: I didn't realize that Texas was a bowlocracy!

Alia: [laughs] I am telling you, it was just the funniest thing. So we follow orders from people who we think are authority figures, and we do this even if we are asked to perform objectionable acts. There is a famous social experiment that Stanley Milgram did that showed that 65% of people were willing to administer a massive shock to an unseen but heard confederate when instructed to do so by someone in a position of authority. So this stuff is real.

So what does that mean for us? Well, you are probably going to need to do more than wear a bowling shirt. But the first thing you can do is make sure you don't retreat from your position of authority, and you flaunt it by showcasing your credentials and experience. One of the things you can do is distinguish your CEO and other prominent program staff as experts and give them a voice in your communications.

Now this doesn't have to be drab and dry. You can have a lot of fun with this, right? Give your experts some personality. I know they have it deep down inside. We currently have a quirky campaign going with Environmental Defense Fund called Adopt-a-Nerd where we showcase four of their experts who represent four of their primary programming areas. And we show these experts thriving in EDF atmosphere of scientific rigor and taking pride in their nerdiness while also allowing donors an insider's view into their day to day work, which culminates in the Adopt-a-Nerd fund raising app. And we have to say that so far it works. We are pleasantly surprised by the results of that.

Another way you can show authority is by developing a group of spokespeople in line with your brand who can give testimonials about your work. Think carefully about this bench of people, though. They can bring you to new heights or they can cloud your brand. So the Dalai Lama would be ideal to some of you. Cameron Diaz, probably not so much.

And finally, my last point is remember to showcase your history or specific milestones that make you unique. You might be sick of it, or it might have happened a long time ago, but if it is of importance, tell your donors again and again. Are you a Nobel prize winning organization? Were you founded at the suggestion of Albert Einstein to assist refugees fleeing Hitler? Show your authority and Homer, he'll follow you just like that lady did in the parking lot of the High Ball in Austin, Texas. [laughs]

Katya: I love the bowling story, Alia. I've not heard that one before.

Mark: And now he wears the shirt every day.

[Laughing]

Katya: I am wearing it for my next speech. Apparently it's magic. I want to wrap this up here with principle eight quickly, because I want to leave some time for questions. And the last principle here we call: the more you ask for the more you get. And there's just such an interesting theory behind this, which is the theory of anchoring.

And the idea here, none of us really know how much anything should cost. Like, there is no absolute value on anything. Like, there's not a pair of shoes and we all know that's supposed to cost \$20. That's why we have shoes that cost twenty cents if you want to buy flip flops from developing countries and we have shoes that cost thousands of dollars. We don't really know how much to pay for things. And so when we are trying to decide, we look around for clues as to what we should pay.

There's an example in the chapter about William Sonoma having a really hard time selling his bread machines when he first came out with them. They were 279 bucks and people were sort of looking at them saying, "Well that's an expensive thing to make bread. I could go buy bread and it would be a lot cheaper for a long time."

And then they introduced a bigger size that was \$429. And the \$279 one started flying off the shelves. What is going on there? Well instead of people trying to anchor the \$279 price point to something else, they were anchoring it to the \$429 and thought, “Well that seems like a great deal.”

And if you've ever set foot in an expensive clothing store or something else where everything, you walk in and you get sticker shock. Then you quickly become disoriented and things seem cheap if they are compared to other items in the store. And that's what is going on there.

So I was really curious when I was thinking about this concept if this applied to fundraising. And I did a little research, and sure enough, there are some really interesting examples there. And an economist at the University of Texas at Dallas who has done a lot of work studying public radio drives found that this really can be true. If people feel, is they see bigger donation amounts, they are probably going to give more with an important caveat. And in her experiment, she did some interesting work around what Alia was talking about, which is peer pressure as well.

And what she did is had callers to her radio station who were preparing to give a gift to the radio station during one of those pledge drives, some callers were told that another caller had just made a donation, and some said that a caller had just made a \$75 donation. Others were told another caller just made a \$300 donation. People who heard about the \$300 donation gave 12% more. So there you go. That's anchoring in action there.

But what is interesting was they also tried suggesting that someone had just given... Then they tried \$600 and \$1,000 gifts. And the \$600 group gave more than the \$1000 group. Why? Well, I think there is an upper limit there. You could anchor too high. \$1,000 seemed just un-relatable to the average caller and didn't seem to move the needle on their gifts.

So that's why you need to think about ranges and anchors. And so a couple quick tips here: Ask for bigger gifts, set up different donation amounts, and set some higher than the last gift. There's every indication that this increases giving. You might want to look at three level ranges. People tend to choose the range in the middle and that would be another thing to think about.

But a big caveat that you need to test. You need to see what happens in real life, because people are irrational and see what the sweet spots for your gift sizes are. But we currently think that this is something that is worth experimenting with.

But, one final caveat, and that's that numbers are fun to play with, with donation amounts, but we hope what they take away from today is, again, behavioral economics is not about numbers. It's about the behavior and it's about the people. So you're going to do really well here if you apply all these principles through the prism of keeping a human relatable face front and center in all you do. That evokes emotion and it's the one thing that's predictable about moving the human mind. I'm going to stop there and ask Rebecca if we could take a couple questions.

Rebecca: Sure, that would be great. So if anyone does have to hop off because we have hit the 2 o'clock mark, don't worry, the Q&A will be in both the audio and the written transcripts, so you will be able to get a hold of those later. But those of you who can stick with us, I'd love to give a few questions over to our speakers.

Let's see, our first one is from Audrey and Audrey says, "My question is whether you can apply the rational of the behavioral economics to the federal grant review process? Obviously federal grants are much more specific and less able to be as descriptive from an emotional standpoint. Do you suggest we take a similar approach and treat the federal reviewers as "Homer Simpsons"?"

Mark: [laughs] I don't even know how to begin on that one. They probably are Homer Simpsons but want to be treated as Spocks.

Katya: Yeah, I would say when you look at the relationship between an institutional donor or a funder and an independent donor, there's a couple things that hold true. And I say your best paradigm there is probably Dan Heath's idea with the elephant, their rider, and their calf. You probably need a combination there, because that person is operation on two levels. One, they are a human being who is going to be moved by stories and examples because every single person reading a grant application is a human being and they react like human beings. And if you have a proposal devoid of story, just a complete lack of human faces and examples, that's going to hurt you. No question.

At the same time, that person's in a job where, especially if they are working with federal contracts, they have a lot of rules they have to follow and a lot of boxes they have to check. And so you can't go completely right brain and not go through all the things that they have to make sure are in there with regard to, you know, impact, and numbers, or they're not going to be able to let it through, no matter how emotionally engaged they are.

But I would certainly experiment, if you're not doing it now, with introducing much more color and people and examples in there, because that will help. That will make someone want to look favorably upon all of your supporting documentation. Alia, did you have anything to add to that?

Alia: No, I think you guys covered it.

Rebecca: Excellent. Well then let's move along to our next question from Margaret, and she was curious, "How do Mark's comments square with merchandise giving? For example Heffer and World Wildlife Fund, which seems to be a major trend in giving today. For instance, \$20 provides a family with a group of chicks, or I'm sponsoring a cow. You know, how does that compare?"

Mark: I think that the upside of that kind of giving is people find it fun and engaging, and it has all kinds of up sides. The down side is you're never going to turn those people into \$1,000 donors. You're probably never going to turn them into the quest leaders. They are always going to be chick buyers or panda adopters.

Alia: And for me, my perspective on why those work from a behavioral economic standpoint, particularly as great acquisition vehicles, is that it's that small not big principle that Katya was talking about. It really drills down...I know that many or most of them are symbolic, but it does give that idea that this is no restrictions gift and very specific to you know giving a chicken to Rokia, or however that works.

Katya: Absolutely. At its heart, some of it is good storytelling-engaging the relatable people, and that piece is really great. If you, you know, overdo it and make it very direct, I think you are definitely in the territory Mark is talking about.

Rebecca: Well since you both mentioned, Alia and Katya, since you mentioned the storytelling, we will lead into Samantha's question. It is a question, and then I will read a little bit of her background that she provides.

She says, "I was wondering about principle four, particularly around the fact that storytelling, for instance, telling Rokia's story, doesn't combine well with giving facts. How do we grapple with the political implications of this kind of messaging? For example, there is a company in Canada that focuses on social marketing and international nonprofits, and we did research on Canadians' use of international development. One piece of information they provided was the degree of blame that was associated with poor people and the stories just focused on poverty. Compared to when they were given context about why those people were poor, they were much more likely to shift blame to terrestrial causes versus blaming the people themselves.

It seems to me that this has implications for both the educational aspect of fundraising, but also towards long-term efficacy. We don't want donors to think that they are just giving gifts and there are still poor people. Without context, it is hard to situate changes in individual people's tendency and to give continued reasons to give."

So I think she is looking for a response about that, in how we can apply storytelling.

Mark: Go ahead Katya.

Katya: That's just fascinating because there are so many points made within that. I will peel off one of them and then let Mark and Alia try and come in, and that's this idea that telling an emotional story about an individual equates with victimization or that needs to necessarily invoke an idea of, you know, "These people are in such dire straits and are completely helpless, and we need to come in and save them."

I get that question a lot. In fact, I had a former colleague in my office last week who was sort of appalled when I was saying, "Where are the human faces on your website?" And she said, "Well, I don't want to exploit the people that we serve." And so I really tried to unpack that with her.

And I think you started to get at it when you talked about context. But it should not be exploitative or presenting someone as a victim or, much less, hopeless. People are bringing to life a story about how they are, where they are, and what their life is like, and how a gift can help turn their life around and help them do all that they want to do in this world.

If you are taking that approach with your storytelling, just like the girl's basketball team, you know, where, "Are we donating because they are victims of a horrible loss?" No. We are donating because of their amazing attitude toward it and their resilience and the way they look at life.

And so I think it is very important that we not convey the idea that, "Oh, you are just one helpless person that someone can come in and save." You want to talk about one relatable person that we can lift up and that we can help fulfill all of their potential. I think that is a really important nuance there. It doesn't surprise me that there is a lot of indication in what you cite there, that people understanding that context is critical.

So when you are telling the story, understanding how it came about, is it because someone is in a horrible situation that can never be resolved, or are they in a situation where a gift can help make a measurable difference on their lives? That amount of context is appropriate if it is told through the lens of that one person. Mark or Alia, do you have something to add there?

Mark: One of the things that we work on a lot with our clients is when you tell a story, making sure that the protagonist is the right protagonist. And what I mean by that is, the story you don't want to tell is this poor, wretched refugee who had all these bad things happen until my organization came in and fixed everything. That is making the organization the hero. You want that person to be the hero. It is their story you want to tell, and it is their struggle to overcome the obstacles that have been thrown in front of them, and the privilege you have had of maybe being part of helping them overcome those obstacles. That is a very different story. That is a very uplifting story. And Alia and I can both attest to the fact that it works in fundraising.

Alia: Yeah. And one specific tactic that we've used to show the progress—that was another piece of the question, was, you know, you don't want donors to feel like they are not making any progress when you keep going back to them for asks. You know, we have serialized some of these stories.

There is a beautiful story on the International Rescue Committee's blog. It is IRC.org. And they followed a refugee family that has just been resettled in the United States through photos and pictures. And they don't mention, in this story, the thousands of over refugees who they are helping resettle. It is very much a personal story about this specific family, but it has been very, very helpful in our fundraising communications, because, you know, people know the IRC works with large groups of people. This is a way to show the entire journey from start to finish.

Mark: And by the way, this applies with equal force to animals. Rebecca, you spotlighted the Marine Mammal Group. The most aggressive I got last year raising money was for a dog named Meadow who needed a liver operation at an animal shelter in the Washington area. It was about Meadow. It wasn't about the larger problem of stray dogs and cats, etc, etc. And I found myself completely swept up in it, and actually asked about Meadow from time to time.

It is just that it is just an illustration. Even when you know you are being manipulated, you get manipulated anyway. She's doing really well, by the way.

Rebecca: Great. Well, I see we are already a few minutes after, so I will just sneak in one more question and then I have a request, and then we can wrap up for the day. So this last question that Arie sent in is just looking for a bit more information about peer pressure and, I'll throw out the term, "social proof."

Arie said, "If I am to show how everyone is getting on board to my movement, can I use the example of the number of volunteers that support us when I'm asking for donations, or is that a mixed message? You know, donors' dollars versus volunteers and their time?"

Katya: No. I think that... Well, I'd love to see that copy, but I think that showing donors how many volunteers are a part of your organization is a great thing. We did a campaign with Wikipedia, which is a nonprofit, as many people don't know, actually, and that was a cornerstone of our fundraising communications, was how passionate these volunteers were that they basically made the products. And I

think that that is definitely a very compelling fundraising message, and really does help bring the principle of social norms and peer pressure to life. Just showing people who care enough that they are going to devote their time to it.

Mark: Plus, it shows that you are really stretching every dollar by getting volunteer labor.

Katya: Absolutely.

Alia: Plus, you could even look at putting your appeal in the words of the volunteer.

Mark: Yes.

Alia: If you look at authority and switching up the messenger, someone volunteering their time [xx 01:07:51] your organization firsthand. It is like when you go to Trip Advisor to see what people really say about a hotel. Instead of you issuing the appeal, you have a third party who has come to your organization, who is passionate about it, and who has volunteered talking about why they support and asking other people to. That can be another way to incorporate volunteers into it.

Katya: Great point.

Mark: Great thought.

Rebecca: Great. So I think, given the essence of time here, we are going to wrap up for the day. I just want to remind everyone on the phone, because we have gotten a couple of requests for kind of a recap of the principles, so I am really excited to let you know that the full e-book is available for download, and we are going to be sending you the link to download it to everyone who registered for today's call. So you will have all of the principles laid out, including examples that were mentioned today and others that were not covered. But you will have a great combination between today's transcripts and what is in the book. So keep an eye on your email for a link to download the full book so you can get all of the eight principles right there in front of you.

So I just want to thank all of our speakers for joining us today. We really appreciate it.

Mark: Thanks Rebecca.

Alia: Thanks for having us!

Katya: Thank you!

Rebecca: Sure. And thanks everyone for joining us. Again, if you are interested in learning more about our specials going on to get yourself online and start putting these practices into motion with your online outreach, whether it is through email or on your donation page, or if you need a donation page, we would love to talk to you more about that. So send in your emails to fundraising123@networkforgood.org and we will follow up right away.

So thanks again everyone for joining us. Thanks to our speakers. And we look forward to seeing you all on a future Nonprofit 911! Have a great afternoon!

To download the full eBook, “Homer Simpson for Nonprofits: The Truth about How People Really Think and What It Means for Promoting Your Cause,” visit <http://web.networkforgood.org/201002ebook>