

Giving Growth Podcast - Anton Lipkanou (full transcript)

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Greg Sobiech

Anton, welcome to the show. Thank you. Thank you for having me.

So for-profit companies, especially those who are listed on the stock exchange, talk about enterprise value all the time. Charities don't. Why?

Anton Lipkanou

Great question, and I don't know why. And I was thinking about the same, because when I talk to our for-profit clients, it's never just about the revenue. It's always about the longevity.

It's always about the enterprise value, which is revenue times the multiple. But when we talk to non-profit clients, it's about the short-term goals only. It's about, are we hitting the budget this fiscal year?

And I was thinking about the same. I don't know why, but I think they should. And I think there is an analog of the enterprise value for non-profits, which isn't just the revenue.

It's the revenue times the euphemeric composition of revenue. And I can talk more about how I see that metric, but there are the two parts to it. There are two parts that measure not only the short-term performance, not only the short-term revenue, but the long-term longevity, that currency of trust, that currency of thriving, not only today, but in 10, 20, 40 years from now.

Greg

So when I think about enterprise value, I think about price equity ratios. And an example that I've been hearing mentioned about a lot lately is price equity ratios for someone like Mercedes versus Tesla. Tesla obviously has higher price equity ratio.

And that has something to do with risk.

Anton

Yes.

Greg

Any reactions around charities and enterprise value and the role of risk in that equation?

Anton

Yes. And Tesla is a crazy example there. I don't know what to say about Tesla.

Tesla breaks every rule. So I'm not going to use Tesla. But even looking at what happened in the markets here in the US last week or last couple of weeks, is we're facing a multiple contraction.

Because to your point, if I'm an investor, I'm thinking about what is the equity, what is the revenue today? And then how certain am I that that revenue, that equity is only going to get growing over the next years? And that risk or rather de-risk is what defines it.

That's why we were lucky in the US for the last decades. We were enjoying the highest multiple. The average price to equity ratio in the US is several times higher than it is in Europe.

Why? Because investors trust the US market. But why do they?

They trust the economy will always keep going up and to the right. They trust that Google or Amazon or any of those companies will be able to make same and more revenue tomorrow. In simple words, they trust that they are diversified.

They trust that the revenue today is a predictor of their performance in 10 years from now.

Greg

And what's the connection between risk profile and diversification and position this in the context of charities?

Anton

Absolutely. And charities have portfolios. Charities have donor files.

Donor files isn't about just you or me. It's about tens of thousands of donors. It's about huge lists of these people.

And the more diversified that file is, the less risky is a certain charity, the more trustworthy do I feel towards it as a donor. I believe they will be here for years to come to serve the mission I deeply care about if I'm donating to them.

Greg

Talk to me more about this idea of file diversification, because that can be, I imagine, interpreted many different ways by different people. That can be seen from a, which message resonates with this audience, or this can be about the age of my donors. This can be about where they live geographically.

What does diversification stand for, for you personally, when it comes to charities and their file composition?

Anton

Surely, and interestingly enough, we in the nonprofit space always talk about the given pyramid. And in a weird way, given pyramid is a representation of my donor portfolio. What it means is how many donors at each equity level, if you wish, at each donation level do I have.

And most charities usually have fewer high value donors at the top. They also tend to be older and more younger, lower value donors at the bottom. The diversification for me is twofold.

First, it's how do I keep the pyramid actually looking like the pyramid, where it's not contracting, where it doesn't start looking like an Eiffel Tower, where my increase in the count of the younger, lower value donors at the bottom is fairly equal to the increase in the value of the higher value donors at the top. But that's only one thing. That's only one two-dimensional view of the pyramid.

But the pyramid is three-dimensional, right? It's not a triangle. And that second dimension is cause.

That second dimension is who are these people? Which parts of my mission do they care about? And are we diversified enough, especially if I'm a large organization, if I'm a Salvation Army, are we diversified enough between donors who care of contributing to resolving the aftermath of the wildfires versus contributing to helping people find job after coming from the war versus people contributing to helping homeless in their communities?

And that cause diversification is that third dimension.

Greg

I think what you're saying is that the pyramid is the enterprise value. And if I was a for-profit brand, I probably would have a number of products that I'm testing in the market, as well as cash cows that are right now generating revenues. And if I am overly indexed in some products, let's say in this case, if I have too many major donors and too few mass donors or vice versa, I spoke the other day to a charity that strangely enough has done greatly with acquiring mass donors, but they have hard time graduating them to a mid-major status.

Are you saying that the pyramid is the enterprise value and the different segments going horizontally per value are your diversified products?

Anton

They are. And both horizontally, because I need to diversify my customers, which are the donors. I need to diversify between young adult.

I need to diversify between low and high value. And I need to diversify my products, meaning I need to diversify which causes they care about, yes.

Greg

See, the challenge with this framework is they will require long-term thinking. And you did mention this at the very beginning. And I feel like charities don't have the luxury of thinking five years ahead like Tesla does.

We're talking about robo-taxis. They're judged like Mercedes, which is this quarter's results. How can a charity apply this framework when that long-term thinking is missing?

Anton

I agree with you. And not only charities don't have the luxury, I would argue they get punished even more than the for-profit organizations. They're held accountable by the society, by you and I, for the efficiency ratio.

They're held accountable for hitting the financial targets right now. The society holds the charities accountable for not thinking in terms of abundance, not thinking long-term, but hitting the budget just today. Don't over-deliver.

Just hit the purpose. Just hit the goal. Hit the goal now.

And in a weird way, yes, that's not how the world should be, but it is how it is. We cannot change that. What we can do is obsess about generating the short-term results that don't just hit the number, but they're significantly in surplus.

So we generate the money. We as organizations, we generate the money for ourselves to spend it on that longer-term target.

Greg

Diversification takes money. Do you have any recent examples? And I know that you speak to many VP-level, C-level fundraising development professionals.

Any recent examples that stand out without obviously sharing anything specific where you've seen leaders in the charity space struggle with this concept?

Anton

Everyone. Everyone I talk to wants to build their organizations that thrive 20, 30, 50 years from now. And the numbers tell us that fewer and fewer younger donors donate to organizations every year.

So for organizations to thrive, they need to acquire more of them because the younger, lower-value donors today are the higher-value, older donors tomorrow. And every organization needs to acquire them, but most of them struggle with not having the money or, frankly, not even being held accountable to those metrics. They aren't held accountable to the enterprise value of the pyramid, if you wish.

They're only held accountable for the short-term results. They struggle to balance the long-term goal of the mission that they joined the organization and the short-term fiscal targets that the CFO is placing on them. I was talking to a leader the other week just about that.

And it is a little of how do we break this paradox, this short-term and long-term paradox, into a simple two steps. And the first steps, the first step is always generating excess funds today and tomorrow to fund some diversification for the longer term.

Greg

Talk to me more about that. What do you mean by focusing on the short-term while keeping your eye on the long-term? What does that actually mean practically?

Anton

Yeah, and missions cost money, right? Like we know that non-profits need to be raising money to serve the mission they were started to serve. Now, most of them settle for shorter-term results that are comparatively low.

If we compare the average marketing or fundraising return in the non-profit world to the average marketing return in the for-profit, we're looking at an average of 1, 1.5 to 1 in non-profits versus the minimum of 2, 3 to 1 in the for-profit. We're basically talking about doubling the budget right there if we hold ourselves accountable to the same return metrics.

Greg

Short-term?

Anton

Short-term from existing donors. So that in a weird way, the obsession about a long-term mission requires a sacrifice of the long-term mission in the first place and obsession about hitting that short-term result, not settling for that return.

Greg

Why aren't charities obsessed about that short-term goal being more aggressive? It's a good question.

Anton

And I don't know the ultimate answer. My theory based on what I'm seeing talking to leaders is to an extent, there is no incentive and weirdly, there is a disincentive to be doing that. There is a disincentive in overheating the budget because that moves...

Greg

In generating too much revenue.

Anton

In generating too much revenue.

Greg

Why is there a disincentive in that context?

Anton

Because if I'm a charity leader and my goal for this year is to generate \$100 million and all of a sudden, I came in at \$150 or \$200 million, my goal for next year just moved.

My goal for next year, my goalpost just moved from \$100 million to minimum of \$200 million, if not more than that. But charities are also at the mercy of the larger market. We're at the mercy of emergencies.

We're at the mercy of consumer behavior. And this dynamic of people expecting charities to not be subjects to the same economical rules that every for-profit company is subject to, but always be up and to the right regardless of what's happening, is disincentivizing charities from being a bit more risky. From thinking of the money they raise through the lens of, how much can I raise?

Not through the lens of, I just need to be 2% above the target.

Greg

And for-profit brands don't have that. They're not that emergency dependent, but they're dependent on broader macroeconomic factors. And I wonder if that's an excuse or if it's something that's actually real, reason for charities to be cautious, not to overestimate demand.

Anton

You nailed it. And peeling the onion, charities ultimately have, most charitable organizations have two types of revenue coming in. They have this evergreen portfolio.

And on top of that, they have the emergency revenue, which lives by an entirely different set of rules. But when I just look at the revenue, those two numbers are combined. And very few organizations are enabled, very few organizations have the right to talk about their quote-unquote core business, their evergreen fundraising, while stripping away the impact of emergencies.

Greg

So you're saying if I'm a fundraising professional, of course, everyone talks about recurring giving. I've seen that. Everyone talks about one time, right?

We all want more recurring than one time. We're still in the short-term space. You said earlier that paradoxically, in order for me to maximize the whole pyramid, I need to be short-sighted.

I need to think about immediate returns. But then what I'm hearing you say is that I need to further divide those immediate returns into evergreen versus maybe emergency. But I think you're redefining what evergreen is and what emergency is.

Are you, or did I mishear that?

Anton

And I am a little bit. And I'm thinking of an analogy here. I guess the one that comes to mind, and we're recording this, what?

Middle of April, 2025. The tariffs in the US economy just went and were stopped within the last two weeks. The car sales are surging, but they aren't surging because something changed.

They're surging in the short-term because the consumers are buying more cars right now in order to squeeze it before the prices increase due to the tariffs. And most likely, the sales are actually gonna plummet right after this. So if I'm an investor, I wouldn't be investing in the car companies right now, even though the revenue is on the rise.

And if I apply that to the nonprofits, over the last 24 months, we've always had an emergency. Ukraine, earthquakes, Gaza conflict, many horrible things were happening. They were feeding the total revenue to be higher. Yet they weren't, in fact, affecting the core business of the nonprofits.

They weren't affecting more younger donors. If I strip away the impact of emergencies over the last 18 months, fewer donors donated less money.

Greg

Diversification, it seems to me, is about this balance between long-term and short-term. Again, it looks like the base of the pyramid is about the longer term, because they're worthless now, they'll be worth more in the future. Maybe mid-major is about revenue right now, because they have the capacity.

And I can maybe go after them harder to maximize my short-term revenues. At the very beginning, you spoke about what I think were slices in the pyramid. So you spoke about the fact that this isn't just a step-by-step, like a bottom-up construct, but there's also steps that I need to go through, bottom-to-top, one-by-one.

So is it both true that I need to diversify with different donor classes that have different value to me? Are the slices also a way to diversify my portfolio, to maximize my enterprise value? Connect these dots for me, please.

Anton

Yes, and I don't know how it happened, but for some reason, this is turning into comparing non-profits to car companies. So I'm going to go with another analogy there, but I'm going to use Mercedes. Mercedes as a brand has some sedans, they have some SUVs, and they have some coupes.

And also within each class of those products, they have different price points. They have whatever is the name of their most expensive SUV, probably costing in an excess of \$150,000. And they have an entry-level GLA that costs \$30,000. And they have the same in sedans, and they have the same in coupes.

In a way, what Mercedes is doing is twofold. First, they're maximizing the earnings of their most loyal customers that already are at the top of the Mercedes's quote-unquote pyramid by selling them the most expensive SUV or the most expensive sedan, which has the highest marginality, to be able to substitute their marketing costs to bring in younger donors, to bring in younger customers into the entry-level SUV or the entry-level sedan.

That's just the price point. That's the horizontal layers of the pyramid. The vertical slices is exactly serving a number of different markets.

They personalize what is the product offering they're offering to me versus you, to every one of us based on our affinity, based on our lifestyle. I mountain bike. I need an SUV.

I live in Colorado. I need a four-wheel drive. They aren't going to market me a rear-wheel-drive convertible.

They're gonna market me a four-wheel-drive SUV that I can attach my bike rack to and go to the mountains next weekend. They personalize their offering to thousands and tens of thousands of customers by diversifying the product. They are personalizing at scale, if you wish.

Greg

And are charities personalizing at scale, like Mercedes is?

Anton

Some are, most aren't.

Greg

Any ideas why?

Anton

Because it's hard. Because it's hard, because it takes the budget, back to what we spoke about, and because it takes many steps to get there.

It's not as easy as flipping a switch. I need to develop, quote-unquote, my product portfolio. I need to close the donor data gaps.

I need to first understand who are my donors right now. I need to, in a way, get into their heads. I need to understand what are those clusters of audiences and what are the product (causes) that they care about on a weekly or daily basis.

It takes time and resources.

Greg

I wonder why it's so hard, because it's so much easier to think about when you're sharing the example of Mercedes. Almost seems obvious that a car company would have different products as those pillars of personalization, moving someone from an inexpensive vehicle to a more expensive vehicle. And you see that in pricing plans for services, right?

You can buy Netflix with ads for cheaper, and there's a premium version of Netflix. This framework exists in different places in our lives. We've seen clothing, right? Shoes, anything. And I wonder why, and you're probably right, it's hard. And you spelled out a number of reasons why it's hard.

I still don't really know why it's actually that hard. Why is it hard to adopt this philosophy?

In the world of charities, what's the blocker?

Anton

One theory that I have, charitable organizations also didn't have to. Mercedes competes with BMW for five decades. There is this direct competition.

In the nonprofit space, in the last several decades, we've been ultimately enjoying the always up and to the right total donations, at least in the US market. We were seeing the trend to always be up and to the right. And it's almost the perfect storm that's coming at us right now, where we're in the longest non-emergency period.

The younger donors don't trust organizations as much as their parents did. The inflation-adjusted income is decreasing. The media costs are rising.

The number of charitable organizations is the highest it's ever been, and it's growing at the fastest pace. We're coming at this perfect storm of events that is putting nonprofit organizations in a place where they almost have to. It's not the best motivation.

In fact, I would argue it's a bad motivation to be thinking about this from the place of risk versus opportunity. And I think we're still far away from that. I still think we have 5, 10, 15 years until this really becomes a risk.

But these events happening right now allow the organizations that will thrive, probably when neither you nor I are here anymore, to emerge today.

Greg

So let's imagine that I am a charity that buys into this philosophy. I do want to have donors, a different level of giving. And you talk about the collapse of the pyramid a lot.

You know, you wrote a white paper about this. So I want to broaden the base of the pyramid with younger donors. I want to make sure that I have a good mix of low, mid, high-value donors.

But now I want to actually do that by understanding what they care about the most. Right? Which vehicle I should get them into. What are some common mistakes? Or is there one mistake that you see people makes, charities make, when wanting to get going this direction?

Anton

One mistake I see is putting all the options at the table all at once. That means sending an email outlining all the pillars that the organization serves. That means putting every payment method on the website in hopes that the more options there are, the better.

That means instead of going with what I call narrow casting, what Netflix or what Amazon are really good at, which is serving a message that has the highest probability to resonate with a particular donor, serving a different message to you versus me, giving all the options to both you and me. That is one mistake I see most frequently. In most organizations where that is happening, the results are the opposite.

The results are this leads, not only it doesn't lead to the increase in funds raised, but it actually leads to the decrease in funds raised. It turns the donors away.

Greg

What I've seen over the last 25 years of my career, which is this, I think, especially as one becomes more senior, you get disconnected from the actual market. You get more dragged into meetings, into decks, into spreadsheets. You kind of forget what problem you're solving and you get disconnected from what really your purpose in life is.

Anton

And I disagree with you. I think most nonprofit executives, at least everybody I talk to, are very connected to the mission that their organization serves, to the problem that their organization serves. Where I do agree with you is that disconnect from how they serve a donor's mission, how they serve a reason for why I would donate or you would donate.

Why would I feel affiliated to give some portion of my hard-earned money to American Cancer Society or to Leukemia and Lymphoma or to anybody else? And there I agree with you. And most charities do a great job with that, with major donors.

And it makes economic sense. There is a reason, there is a way, there is an ROI, if you wish, a return on investment to a giving officer talking to a person that has potential to donate \$25,000. It's worth an hour of my time.

It's worth me jumping on the call with them and asking them questions. But it's very hard to justify doing the same with a donor that can only donate \$5 a month or \$5 a single time. And that disconnect where the tools aren't there — they are. The perception of the tools not being there is what disconnects charities from the people at the bottom of the pyramid. Yes.

Greg

And you talk about giving mass donors the same experience as if they were a middle major donor.

Anton

Yes.

Greg

What does that mean?

Anton

We spoke about diversification at the beginning and we spoke about obsession. We spoke about for-profit brands a lot. Netflix does it really well.

Amazon does it really well. Every customer, regardless of if I'm a Prime member spending \$5,000 a month versus if I'm on my second Amazon purchase, Amazon has a great recommendation engine that recommends the product to me that I'm actually interested in. They create the experience that creates a perception of Amazon as a business caring about me, regardless of how much I spend with them.

With charities, donors want the same. At the end of the day, at least in digital fundraising, when charities are putting their ads out there, they aren't just competing against one another. They're competing for the dollar I can spend on an Amazon subscription versus a Netflix subscription versus a donation to save the children.

And consumers expect the same experience. Nonprofits don't operate in a bubble. Those are the same people.

Giving an officer-like experience to a mass donor is having a \$5 donor feel like this particular organization cares about their emotional affinity to the particular topic.

Greg

So let's imagine that you are starting a new role as a leader at a large national charity leading their digital fundraising. What do you think, in your experience, will be three typical obstacles to your success over the next 12 months? And what's one idea that you would consider to overcome that problem that you may be facing?

Maybe it's misconception. Maybe it's something that's structural. Maybe it's something that's data technology or messaging driven.

And I'm asking this question because in every industry, right, we hear great frameworks and we hear what we should be doing. And then, you know, the rubber hits the road. And it really is hard, like you said.

It is hard. So what are some things that you would want to overcome? And how would you overcome those things?

Three things.

Anton

That's a great question. And since you're limiting me to three things, I'm going to only talk about the mass donors here. Most organizations have a pretty solid portfolio for the higher value donors.

Greg

And to clarify, we're talking about personalization at scale.

Anton

We are. We're talking about personalization at scale for mass donors. The first one would absolutely be what I call the donor data gaps.

And that is missing information about those mass donors that are already donating to the organization. And when I say missing information, I don't mean their first name, last name, their address. We have that.

We even have what they donated with. What we don't have, what I don't have if I'm stepping into that role is why. Why did they donate?

Why did they donate now? And the beauty of the 2025, the year we live in, is that data exists. It exists in their social feed.

It exists in which pages they visited on your website. It exists in which emails they open and don't open. It exists in the groups they are the part of.

It exists in multiple of this breadcrumbs. So the first thing I would do to resolve that is I would create a data dictionary of information that I want to know about every mass donor. And by the way, I would likely use the playbook that already exists for a major donor.

And I would just say I want the same information about every mass donor. I just want to collect it differently. With a major donor, I would collect it by calling them, by talking to them on the phone.

With mass donors, I can't justify that economically. So I would collect it by connecting all of those third-party sources. That would be the first thing I would do.

I would close the donor data gaps. Number two brings me back to when I said the return. Nonprofit organizations sometimes willingly or not willingly settling for the lower return.

And frequently, that is a simple function of less attention paid to the performance media return from the digital advertising that is already served to this audience. The thing is, most organizations already are doing something to attract these mass donors. But also, it's usually a small portion of the portfolio.

If I look at my entire \$150 million portfolio, mass donors are maybe 20-25% of that. It's not at the forefront, especially thinking about the short-term goals. So the second thing I would do is dedicate a time or a person to obsessing about not even the revenue, but the return on investment from every dollar I'm spending on that.

And improving it day after day. As a marketer, I always say there is not a single marketing campaign that can't be improved by 1%. Every campaign can be. Every one.

Exclude the lowest-performing website. Start a new tactic. Add a new channel.

All it takes is that obsession over executing the small steps, not once and not twice, but every day for a foreseeable future. That will absolutely, over half a year, that will double or triple that return on investment I would be getting as that executive from my mass donor portfolio.

Greg

I think what you're saying is that if I am getting right now 20% of my donations from mass donors, but that ROI could increase by 2x with the same budget, right? A year later or two years later, now it's 40% that starts to become meaningful. It still seems hard.

And closing donor data gaps seems obvious. And again, if it was that obvious, we'd be all doing it. It's hard.

Is there a third thing that you would focus on?

Anton

I think the third area is tech. And at the end of the day, in order for me to do what I just spoke about, in order for me to improve that return, especially in today's world, I have to have technology. And back to personalization at scale, the unlock that I see that makes it possible for organizations to talk to small donors as if they were big donors without breaking the bank on it is technology.

And I'm going to pull a buzzword here. I refrained for the last x minutes from it, but it's AI. And this is where AI steps in.

This is where what I call narrow casting, the messaging to this micro audiences of donors, this personalization at scale is physically impossible without the right tools. So I think the third thing I would do is, again, wearing a hat of that executive, is I would dedicate a certain portion of the budget and the resources that are available to me, that being team's time, whatever, to figuring out one new tool, one new way to introduce, again, one more message to my portfolio. So if right now I'm running one version of the email, every time I'm sending an email, how can I make it two?

And then how can I make it three? How can I break it further and further into those micro messages, if you wish, with the use of technology?

Greg

Make this come to life for me and for the audience. So, you know, you spoke about closing donor data gaps. You spoke about the why, which, I mean, I agree, I think often metrics are

collected, but I really don't know why they're being collected or what I'm supposed to do with them.

So what's the why behind someone donating? Then you spoke about being quite uncompromising about increasing the returns from the current media investments. Then you spoke about narrow casting use cases in the context of technology, using AI.

Does an example come to mind where all these three concepts come together?

Anton

Let's take an imaginary organization, or let's take a real one. Let's take Salvation Army. Everybody knows Salvation Army.

So if I break it down step by step, right, the first 10, closing the donor data gaps, their portfolio of donors is huge. We're talking millions of people. They live in different systems, all in all.

All I need is a simple spreadsheet. I don't need it to be too complicated. I need a simple spreadsheet with seven dimensions, roughly.

Which pillar did they donate to? What is their age? Where do they live?

A couple other aspects of how much did they donate. Every organization can pull that. And then jump into technology before I go to media.

I want to understand who these people are. I want to know, for example, what is their household composition? I want to talk to a couple with no kids versus a couple with one kid versus a couple with two kids differently.

But before I do that, I need to first group them into those three groups. Furthermore, if it's a couple with one kid, is it a single gender couple? Is it a double gender couple?

Is it a couple where the kid is their mutual kid? Or is it a kid from just the father or just the mother? That alone already gives me 10 segments from just one group.

And then I want to put it to life with how do I test it? I cannot just give them one message and believe this is going to be good. What I would do is I would go to ChatGPT.

I would pull up 10 options of barriers to donate for each of these individual audiences. I would create 10 ads. I can do it myself.

I don't need the resources. I don't need a backend of a half a million creative agency behind it. And then I would create a test matrix.

Where it all really comes to life is that media point. It's a test matrix. I would test that message.

I would test 10 different options of that message. I would pick the best one. I would stop the other nine.

And then I'll shift to the next audience. And I would repeat it obsessively for the next 180 days. And at the end of it, my portfolio will be basically 180 times larger.

And my return is guaranteed to be at least 2x to what I'm getting now.

Greg

Well, I guess then to bring it to a close and to tie us back to where we started. In a way, those 180 audiences, messages with us knowing how those data gaps are closed. Leaning on, like you said, a \$20 a month ChatGPT subscription.

It doesn't have to be tremendously expensive. That feels to me like a way to maximize enterprise value through diversification.

Anton

It does. It feels like a way to maximize enterprise value. And to ensure that organizations thrive today, tomorrow, and 30 years from now.

Because 30 years from now, their donor file will consist of people that right now are barely donating \$5. But 30 years from now, they will be donating \$5,000. Some of them \$500,000.

Who knows? Some of them \$5 million.

Greg

Anton Lipkano, thank you so much for your time.

Anton

Thank you, Greg. Thank you for having me.