

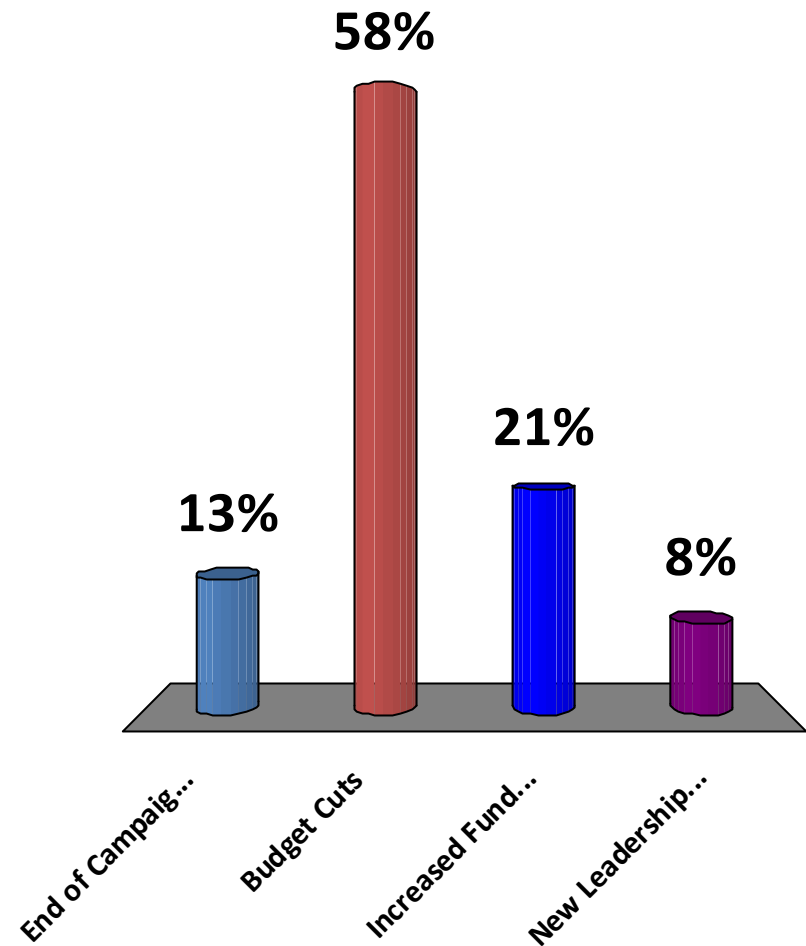
Top 10 Things Advancement Leaders Need to Know This Year

2012 Annual Member Meeting



**Development Learning Collaborative
June 2012**

As of January 2012, which of the following is the most common driver causing institutions to reevaluate resource allocation?

1. End of Campaign
2. Budget Cuts
- ✓ 3. Increased Fundraising Goals
4. New Leadership



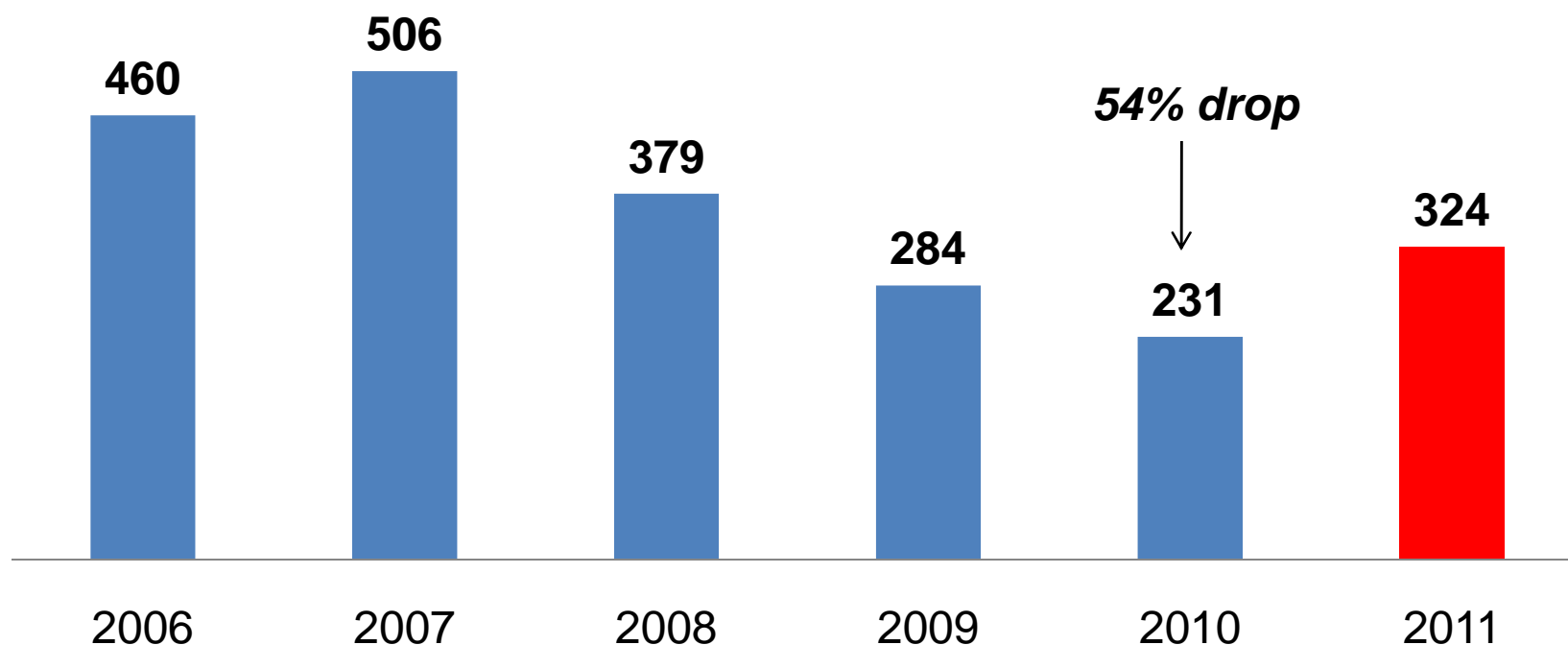
Institutions are successfully making the case for investment in additional staff to support increased fundraising expectations

FY11 End		FY12 Mid-Point
About 50% of members increased headcounts in FY11		67% of institutions surveyed expected to add FTE in FY12
About 62% of institutions reporting data ended FY11 ahead of FY10		In January 2012, 90% of surveyed institutions expected to end FY12 ahead of FY11

Over the past year member institutions have experienced continued incremental gains in total dollars raised.

Gifts of \$1 million or more to higher education increased in 2011 after a steep decline, but still lag behind pre-recession levels

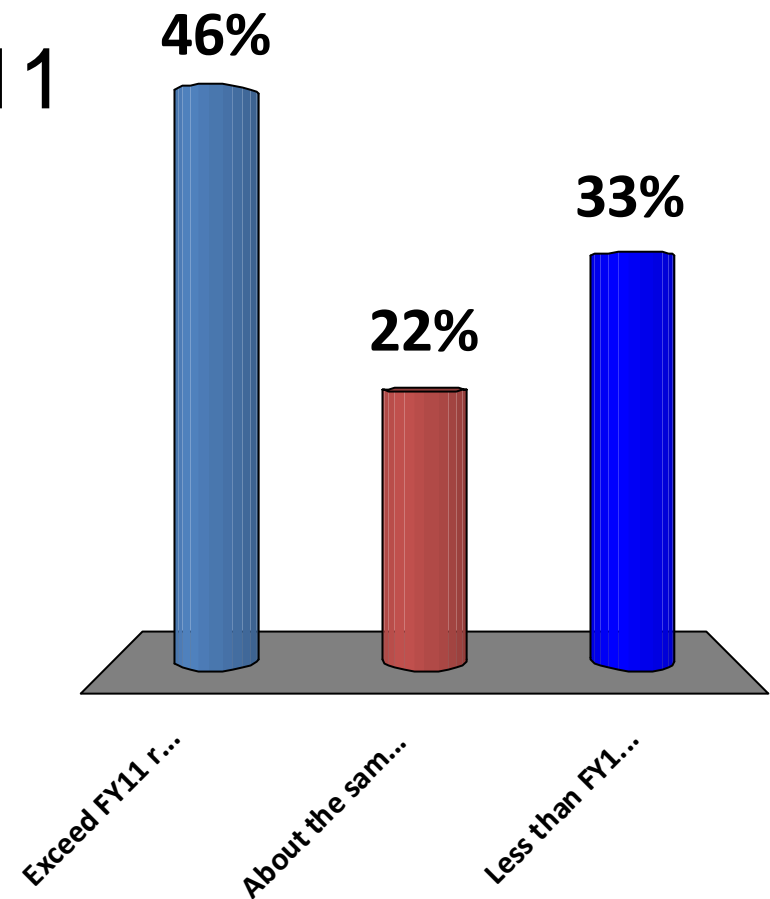
Number of \$1 Million-plus Gifts to Colleges and Universities



Leading Indicator: So far in 2012, only 117 gifts of \$1 million+ have been made, a leading indicator that high-capacity donor confidence has still not fully rebounded.

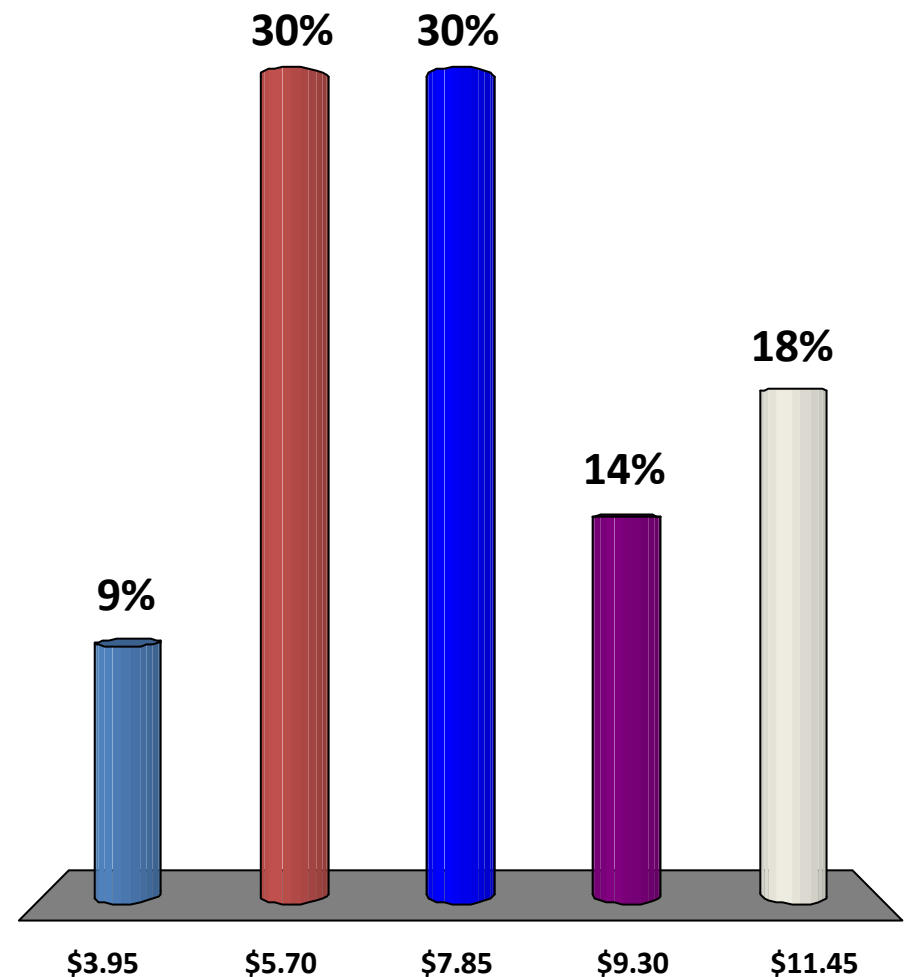
Poll Question: Nearly six months later in the year, what are you now projecting at your institutions for FY 2012 dollars raised?

- a) Exceed FY11 results**
- b) About the same as FY11**
- c) Less than FY11 results**



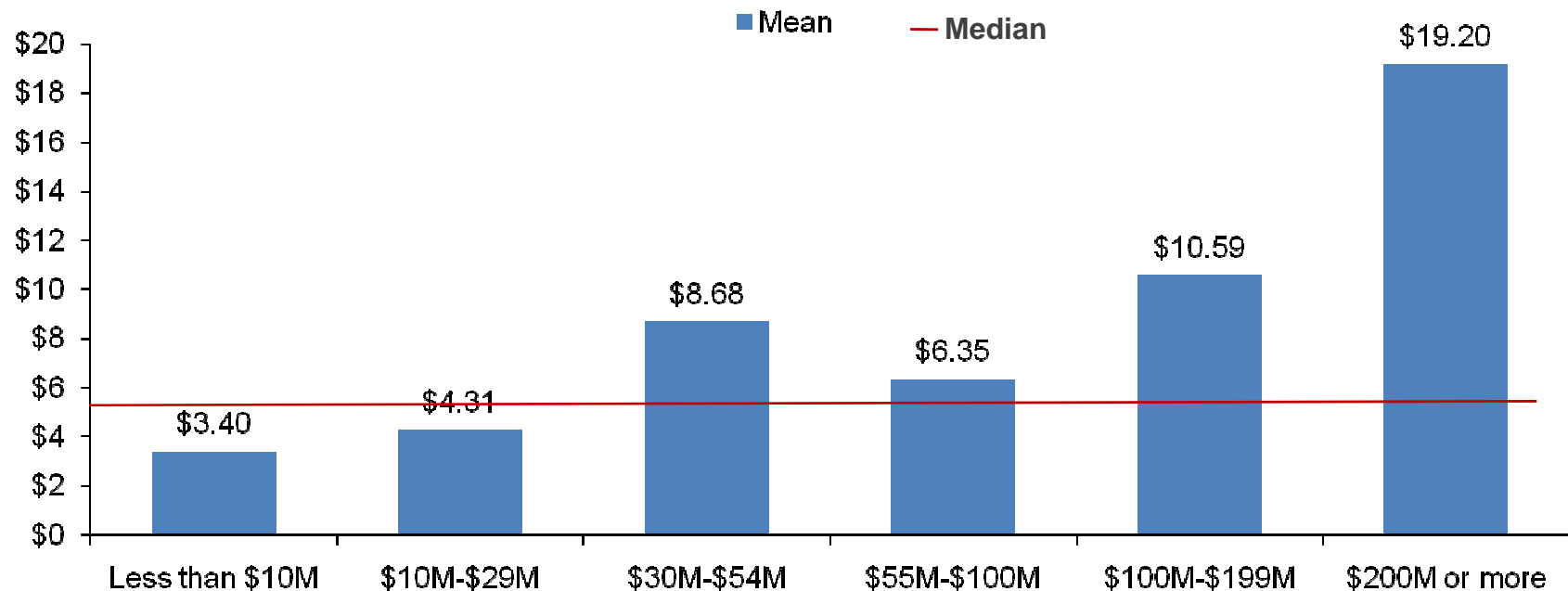
What was the median Dollars Raised per Dollar Invested in FY 2011?

- a. \$3.95
- ✓ b. \$5.70
- c. \$7.85
- d. \$9.30
- e. \$11.45



Managing Returns on Advancement Investments gives members the tools to evaluate their return on investment (ROI) in development

Dollars Raised per Dollar Invested



The ROI metric “Dollars Raised per Dollar Invested” provides important insight into development operations, but doesn’t tell the whole story

External Comparison

- Comparable way to externally gauge overall productivity and performance
- Cost to raise a dollar is a good internal gauge when used consistently over time

Productivity *and* Sustainability

- A high “Dollars Raise per Dollar Invested” outcome does not necessarily indicate a sustainable or efficient operation
- ROI metrics that fall either far above or below the mean, is often a sign of imbalance or inefficiency in the operation

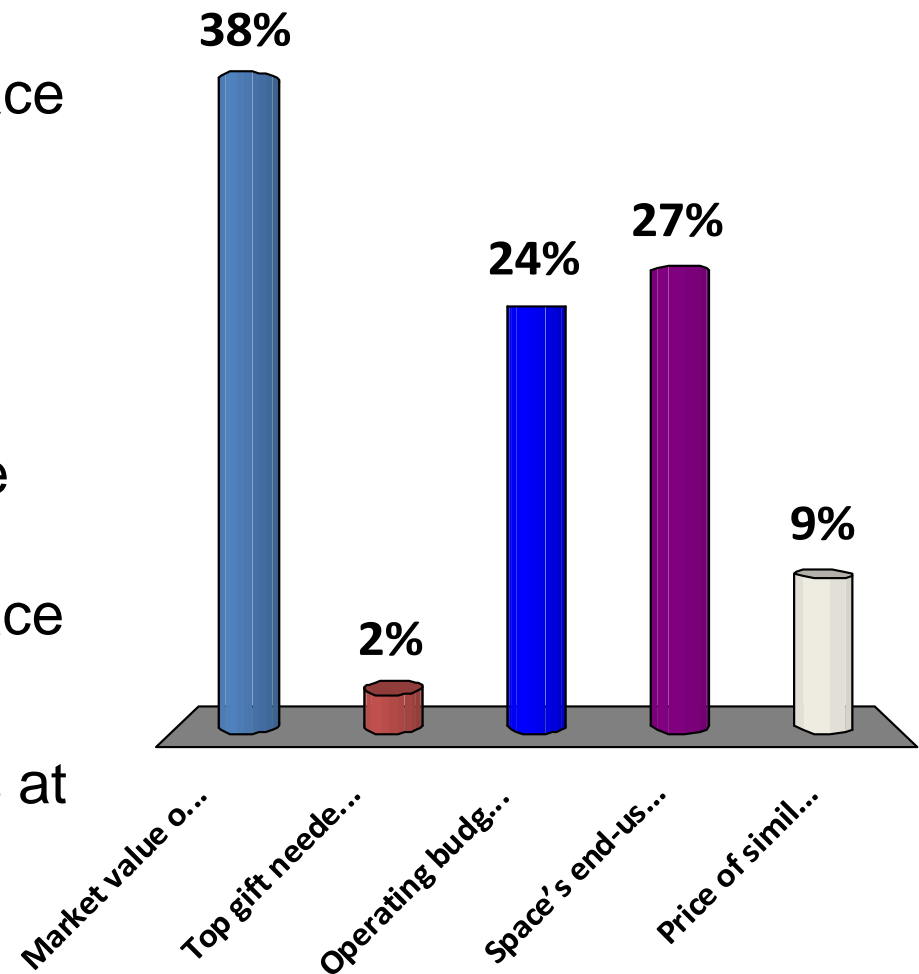
Starting Point

- Should be used as a starting point to diagnose the health of your organization
- Other metrics, such as allocation of staff and budget and department-level data will tell the rest of the story

Effectively Pricing Named Facilities and Spaces

When determining a “price tag” for a named space or facility, which of the following was not reported as a significant factor institutions take under consideration?

- ✓ a. Market value of the space or facility if sold on the open market
- b. Top gift needed in a campaign pyramid
- c. Operating budget of the school or college associated with the space
- d. Space’s end-users
- e. Price of similar facilities at other institution



Effectively Pricing Named Facilities and Spaces

The following considerations represent the typical starting point for institutions determining a “base price” for named facilities and spaces

Replacement
Cost

Construction
Cost

Project
Fundraising
Goal

Academic
College or
Unit

Degree of
State
Funding



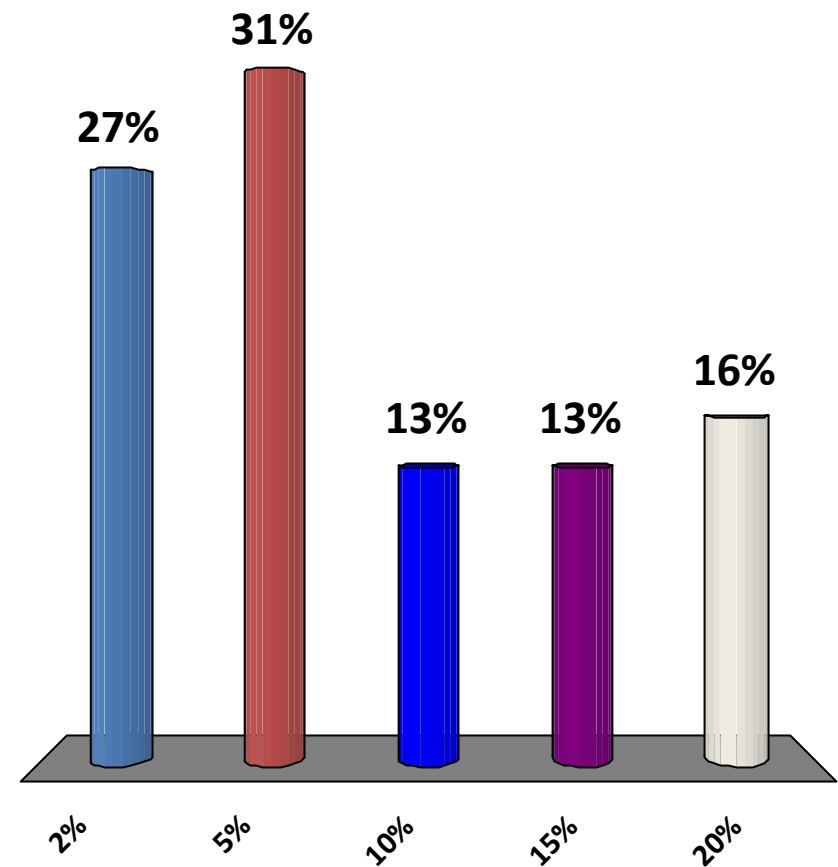
While arriving at naming values *can* be a subjective exercise, using a strong methodology ensures consistency and helps create internal buy-in.



In most cases, outside constituents and donors do not need to know how the “price” was determined, but in many cases internal stakeholders, like boards of trustees, often do.

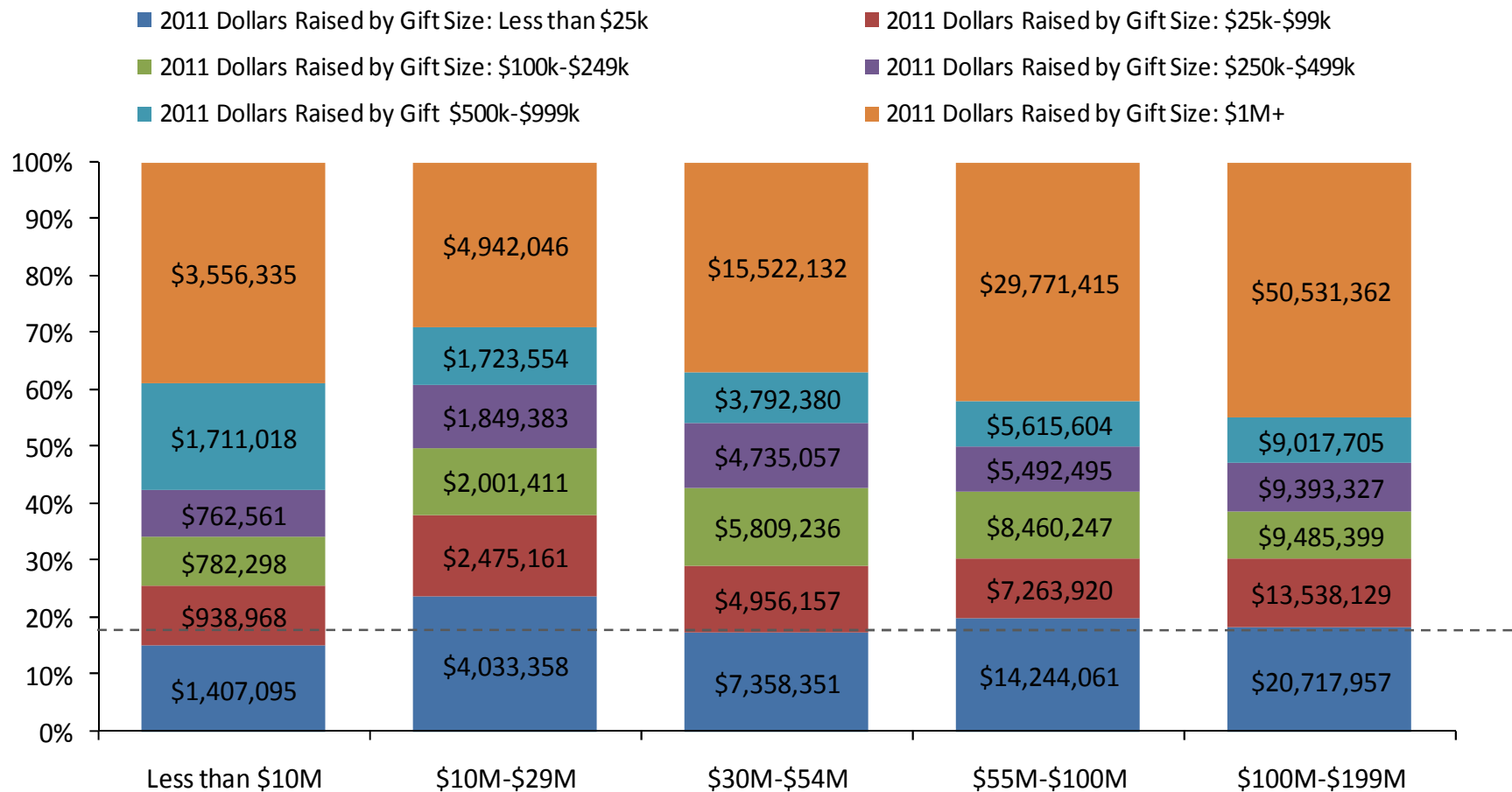
In FY 2011, 80% of institutions' total dollars raised came from what percentage of its donors?

- ✓ a. 2%
- b. 5%
- c. 10%
- d. 15%
- e. 20%



On average, in 2011, commitments of \$25,000 or more comprised about 80% of total commitments

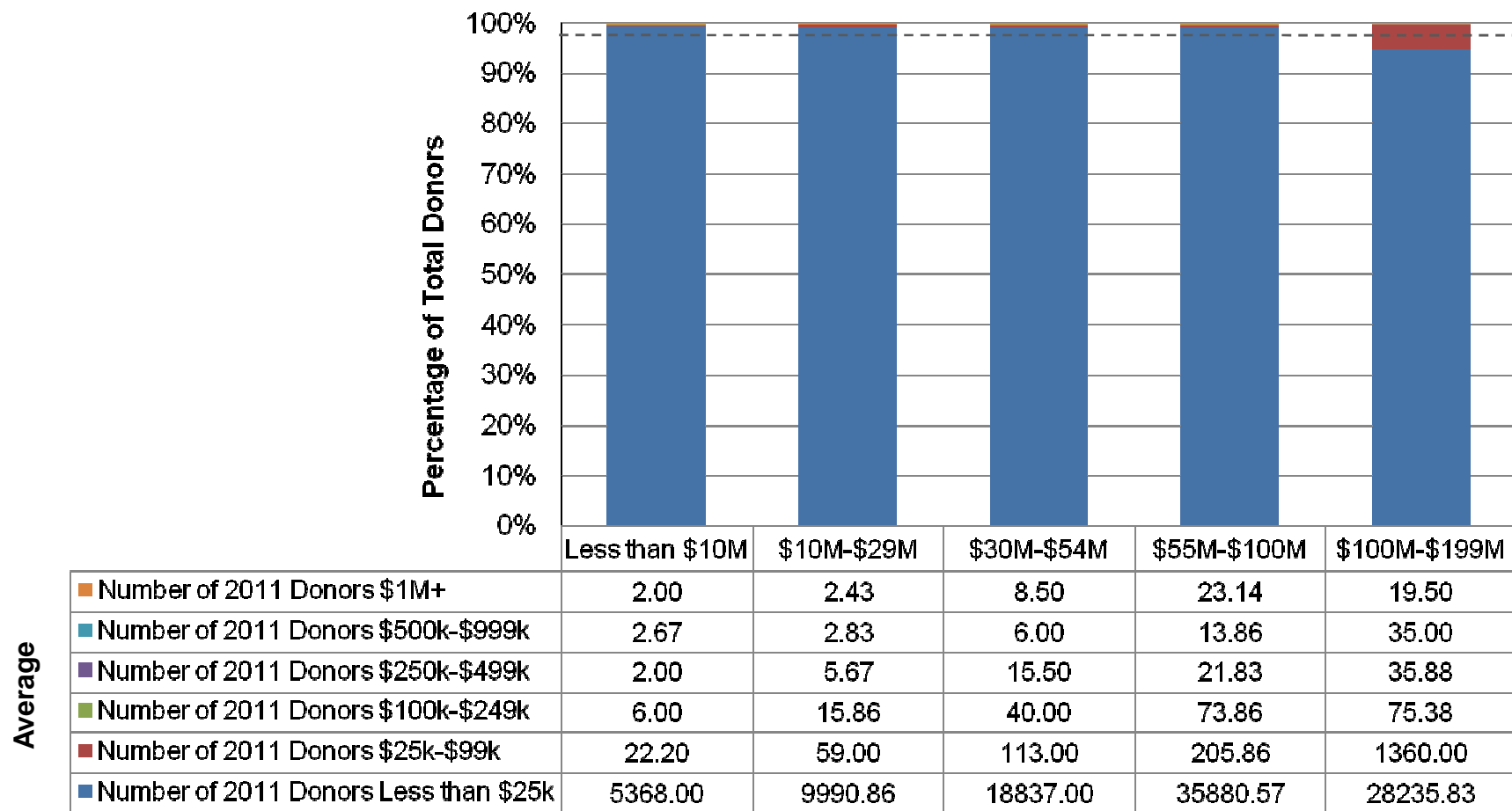
Gift Pyramid by Total Commitments



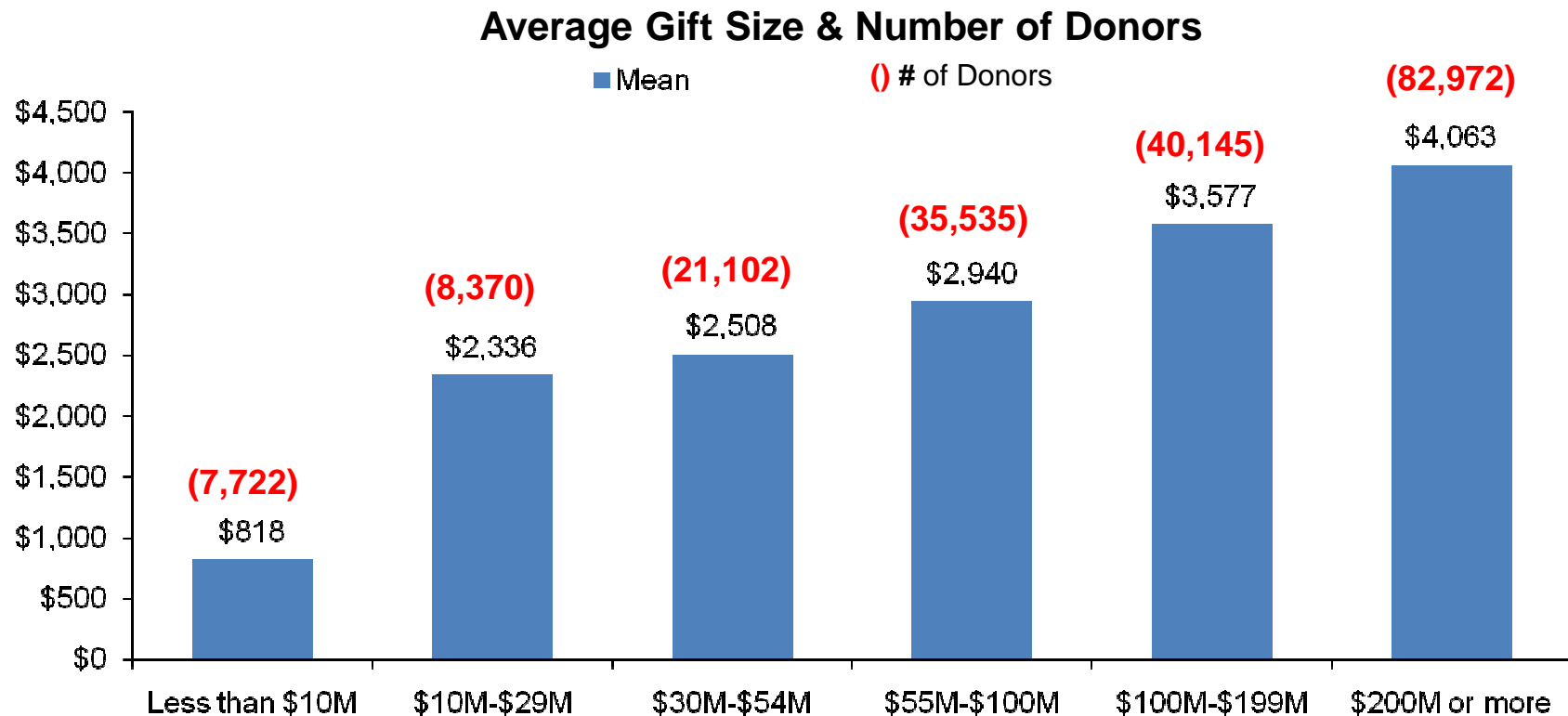
Scaling Development Operations for Growth

The same donors who provide 80% of fundraising totals, however, comprise less than 2% of donors

2011 Gift Pyramid by Number of Total Donors



Increases in total commitments over time generally come through a combination of both more donors *and* larger gifts

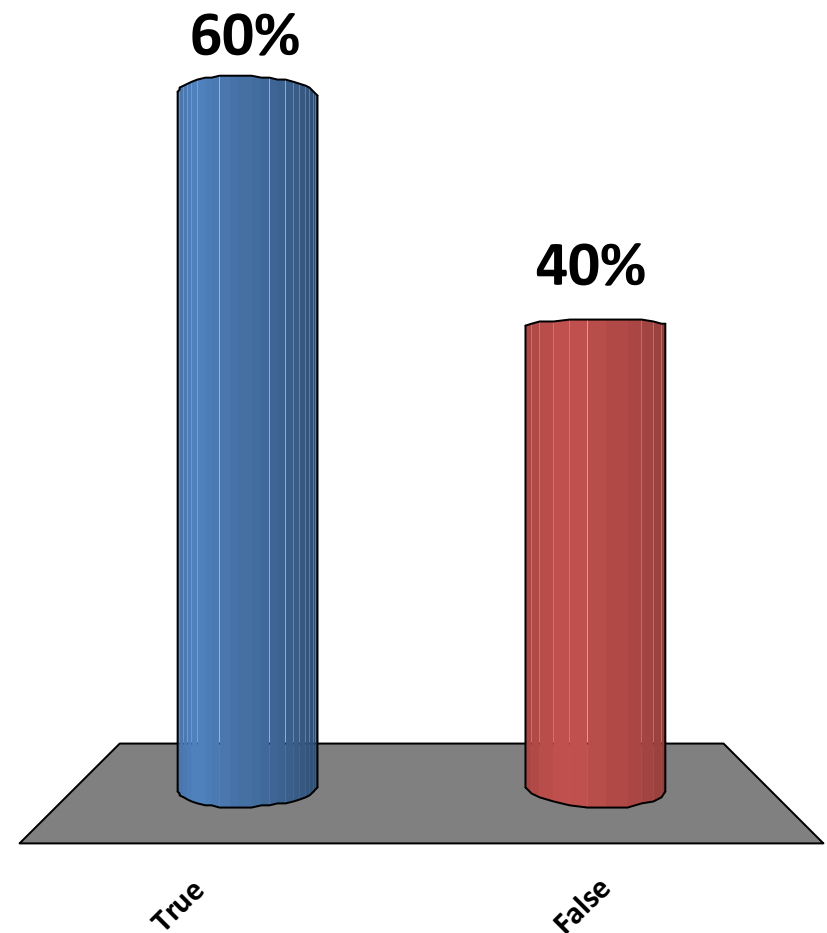


Compare the number of donors and average gift size of your institution to others in order to chart a path for growth.

Transitioning to a Foundation Model

True or False: The Great Recession provided the impetus for a large number of public universities to transition their development operations into an institutionally-related foundation (IRF).

- ✓ a. True
- b. False



Transitioning to a Foundation Model

Institutions transition to a foundation model for a number of reasons. Here are four of the most commonly-cited:

1.

Opportunities
for Board
Engagement

2.

Freedom from
Limiting State
Laws

3.

Long-Term
Financial
Sustainability

4.

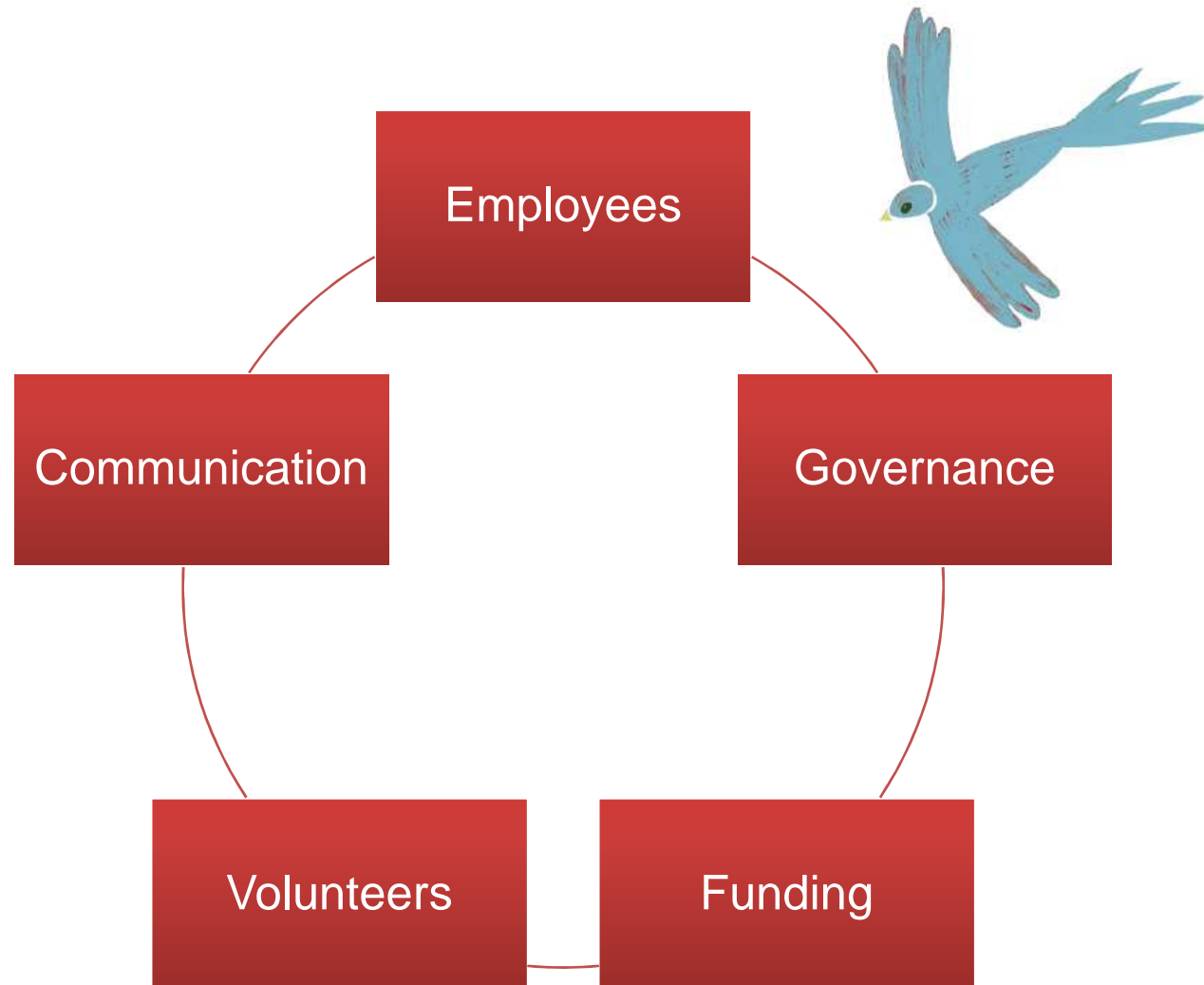
Professionalization
of Development
Operations

“So what we get
is a group of
key volunteer
leaders who
are singularly
focused on the
advancement
enterprise of
the institution.”

Transitioning to a Foundation Model

As organizations prepare for a full transition into an IRF, there are five key areas that should be addressed with detailed plans and documentation

“Communicate with every constituency you can find. Be transparent that what you are doing is in the best interest of the university.”



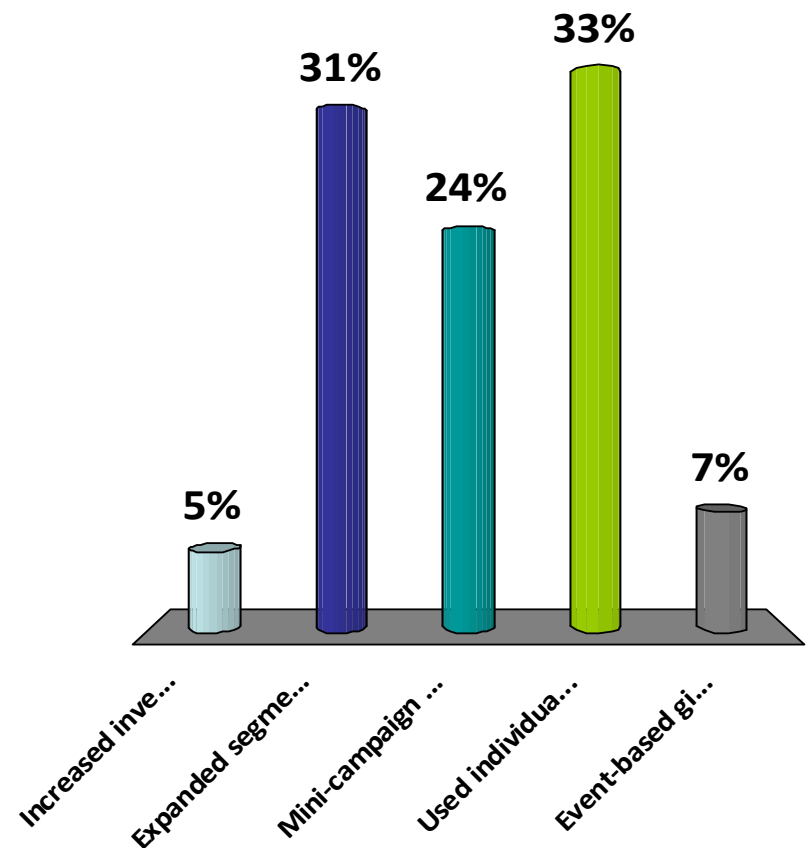
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Bucking the Trend of Declining Participation Rates

Eduventures conducted a series of interviews of institutions that have bucked the trend of declining alumni participation rates by either maintaining or increasing their participation rates over the past few years.

One institution doubled the number of annual gifts it received between FY10-FY11. Which tactic did the institution use?

- a. Increased investment in phonathon program
- b. Expanded segmentation approach
- c. Mini-campaign focused on financial aid
- d. Used individualized messaging in direct mail and email strategies
- ✓ e. Event-based giving



Event-based giving has proven to be effective at driving up participation rates at a number of institutions

- Institution D nearly doubled its donations through event-based giving between FY10-FY11. Event attendees were given an option to make a gift when they register or attend various events.

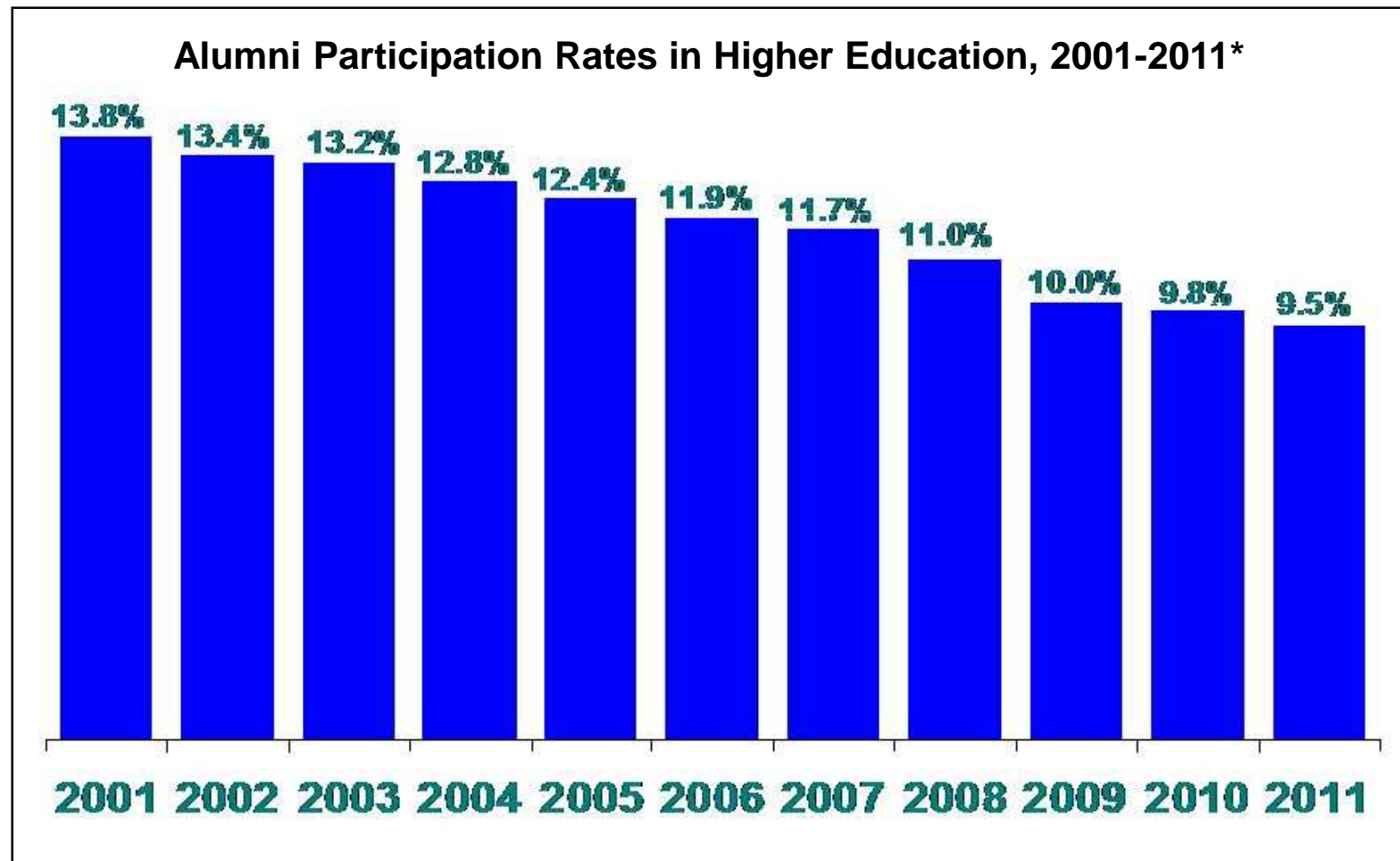
Other Examples:

- *“Senior Week” Ticket Sales:* Using a similar strategy, another university boosted their senior gift by providing several options to make a gift when students purchased tickets for “Senior Week” activities.
- *Homecoming Beverage Tickets:* One institution provided preferential treatment to alumni who had 5 or more years of consistent annual giving. Those who did not have consistent giving, were allowed to “buy” back those missed years.

***Food for Thought:* Is event-based giving a sustainable form of giving and what place should it have in higher-ed fundraising? Does it promote the ideal kind of giving behavior among an institution’s constituents?**

Bucking the Trend of Declining Participation Rates

Eduventures' study examines how a handful of institutions have found creative ways to buck the national trend of declining participation rates



*Source: Voluntary Support of Education survey results, 2001-2011. Represents all institutions that participated in the survey, including a small number of 2-year colleges and graduate degree-d alumni. Also represents all types of alumni, including non-degree alumni and graduate degree-d alumni.

Bucking the Trend of Declining Participation Rates

Institutions that have maintained or increased their alumni participation rates in recent years have employed disparate approaches

Individualize
Messaging

Expand
Segmentation

Focus on
Financial Aid

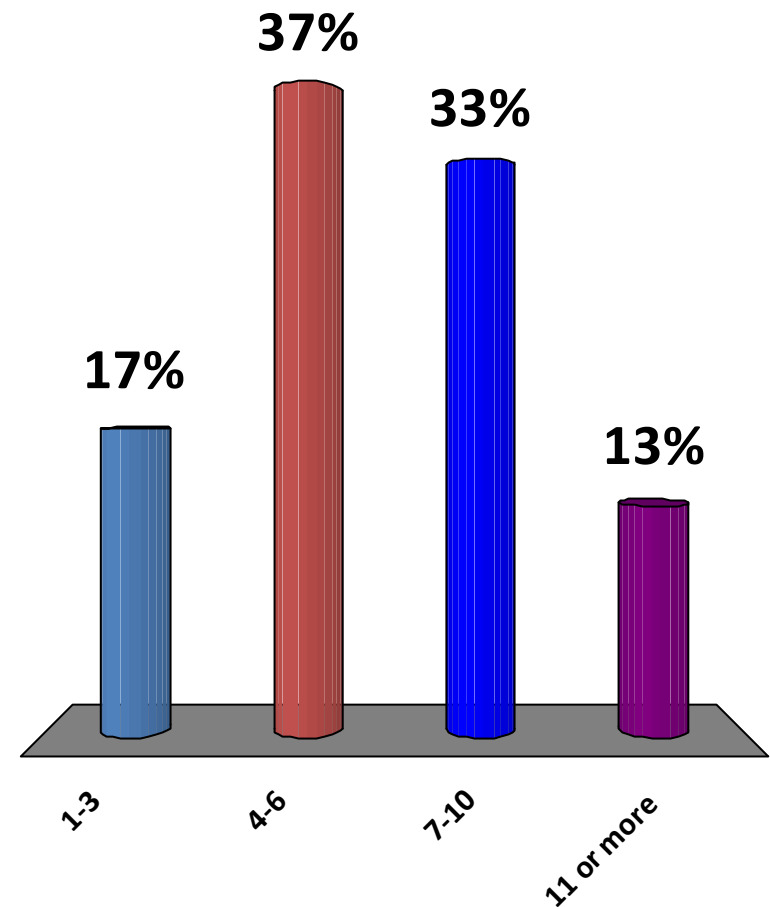
Increase
Investment in
Phonathon

Foster
Community
Giving

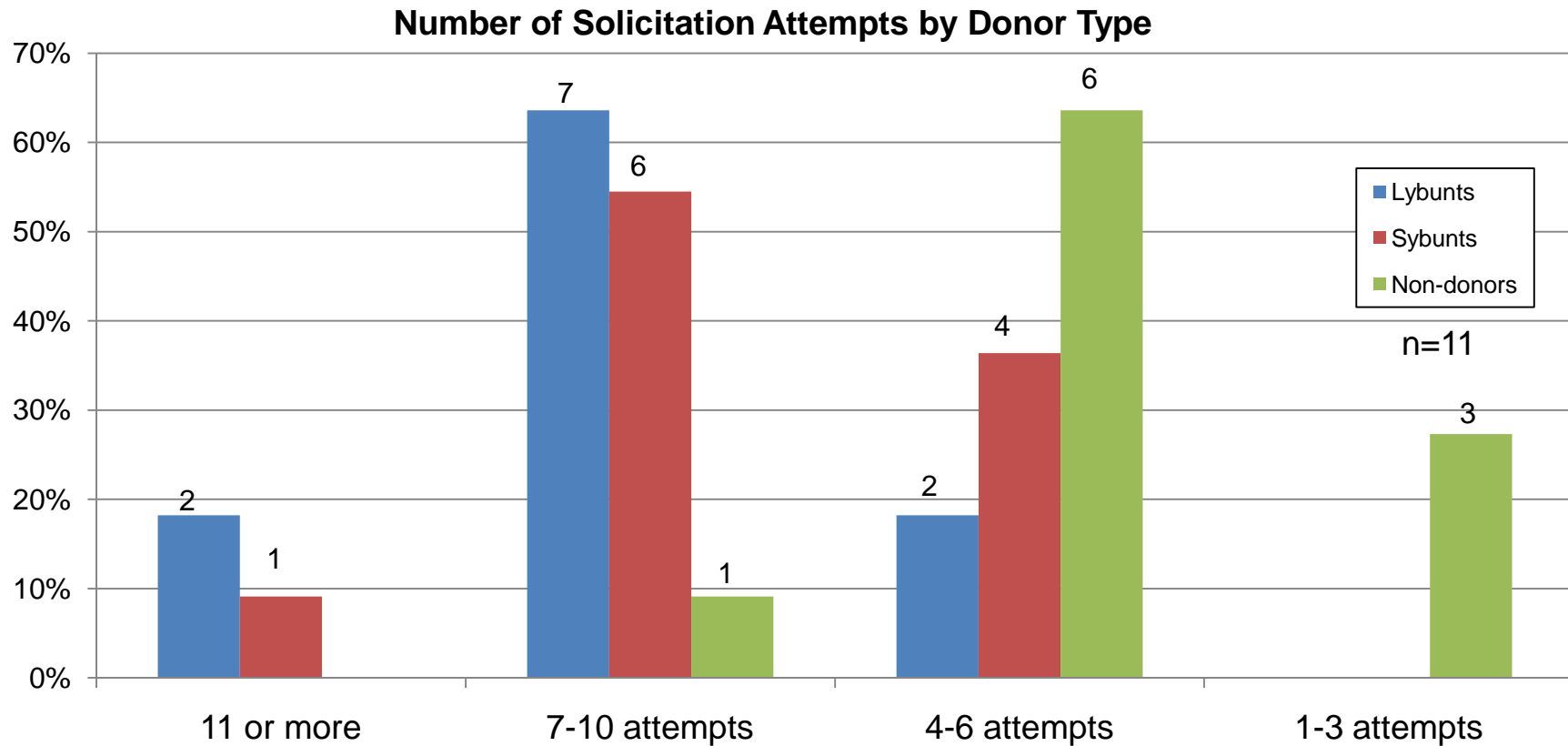
Invest in
Leadership
Annual Giving

In a study involving 11 research universities, how many solicitations do Lybunts and Sybunts typically receive each year from their alma mater?

- a. 1-3
- b. 4-6
- ✓ c. 7-10
- d. 11 or more



Study shows that past donors receive no fewer than four solicitation attempts per year; non-donors receive no more than six

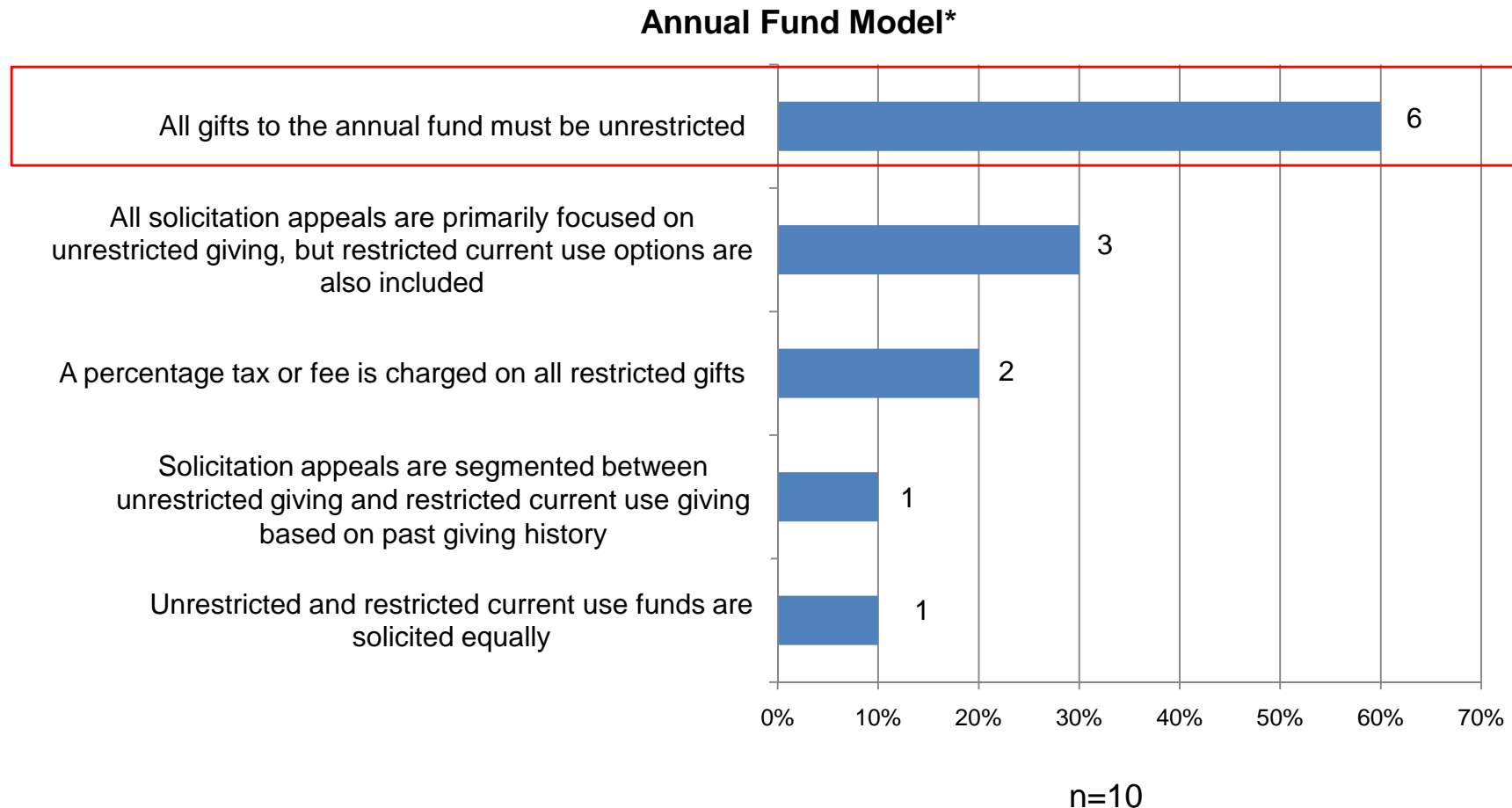


*An attempt includes any direct mail, email, phone, and in-person solicitations

Lybunts and Sybunts are always solicited three or more times a year.

Evolving Annual Giving Models

60% of participants reported that all of the gifts to the annual fund had to be unrestricted; 40% of them used more than one model to describe their approach to annual giving

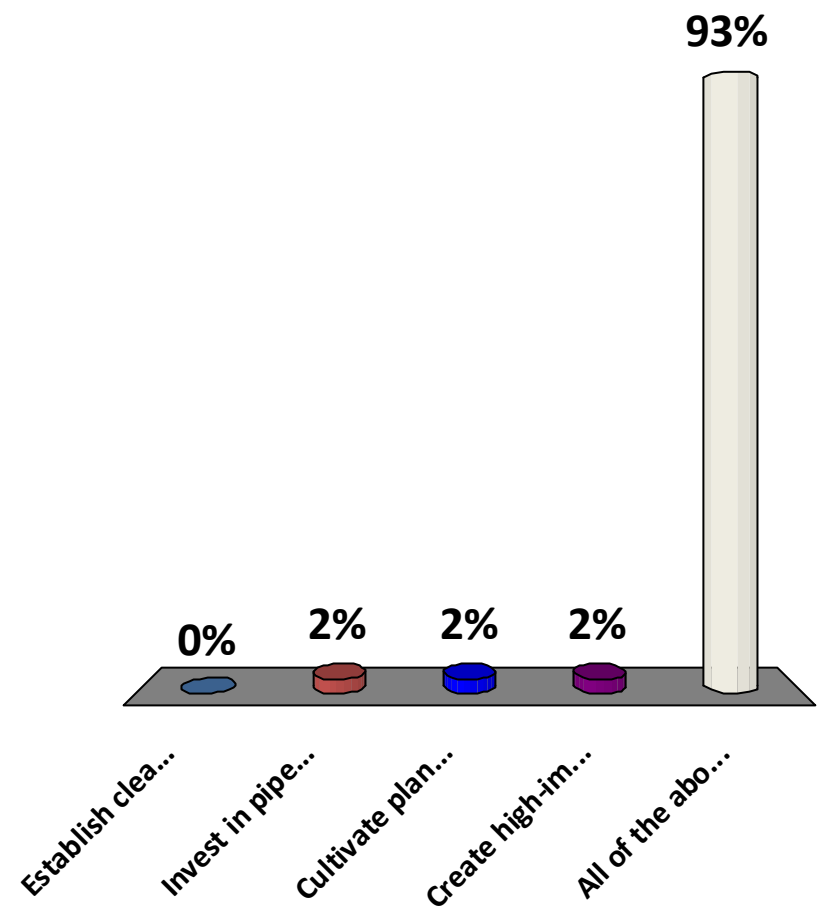


*Respondents were able to choose more than one model and write in others.

Sustaining Momentum Post-Campaign

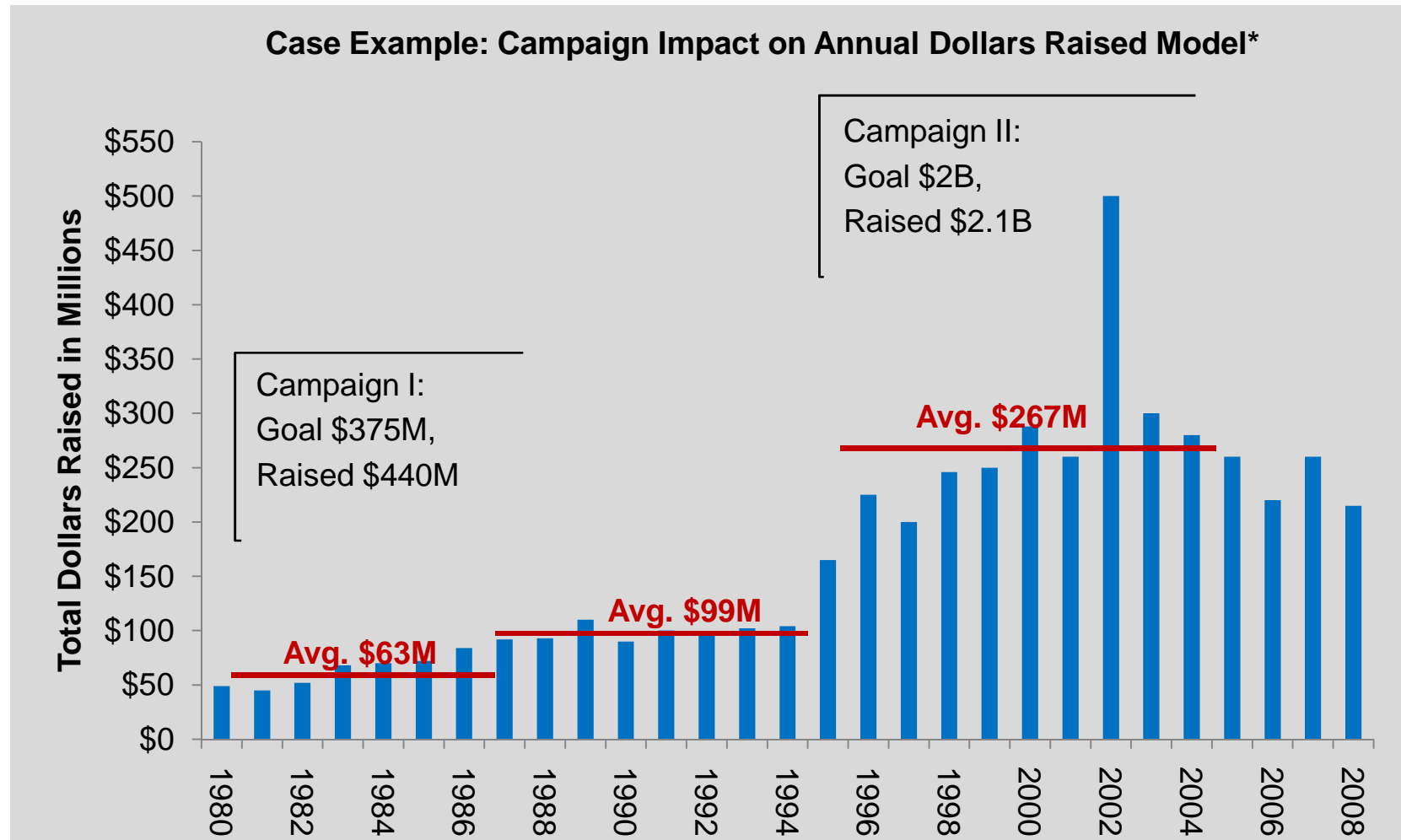
Institutions that have been able to sustain or increase fundraising momentum in the post-campaign period have used which of the following techniques?

- a. Establish clear funding priorities
- b. Invest in pipeline development
- c. Cultivate planned gifts
- d. Create high-impact stewardship
- ✓ e. All of the above



Sustaining Momentum Post-Campaign

Campaigns should be used as a means of increasing funding levels over time; sustaining momentum post-campaign is key



*This model is based on approximate results at a public university over a similar course of campaigns.

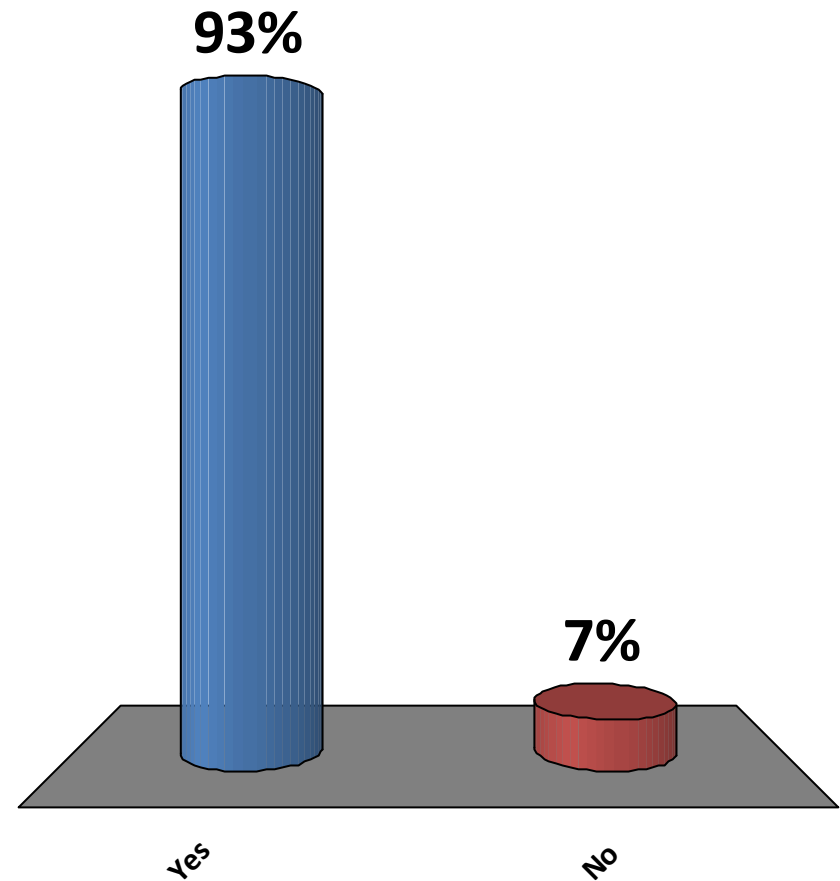
Institutions that have sustained or increased fundraising momentum after concluding a capital campaign have used several approaches simultaneously. These include:



Does student debt affect giving for alumni who graduate with it?

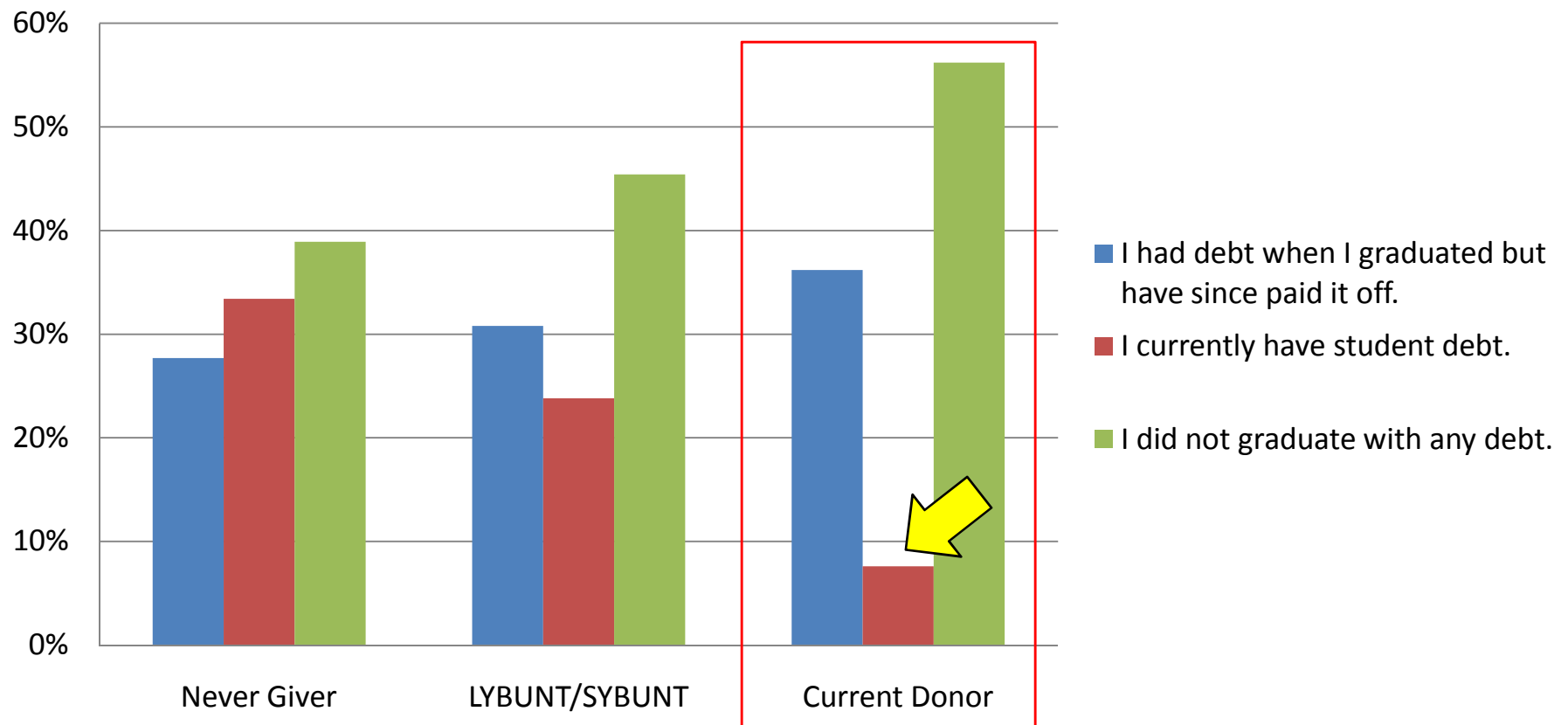
✓ 1. Yes

✓ 2. No



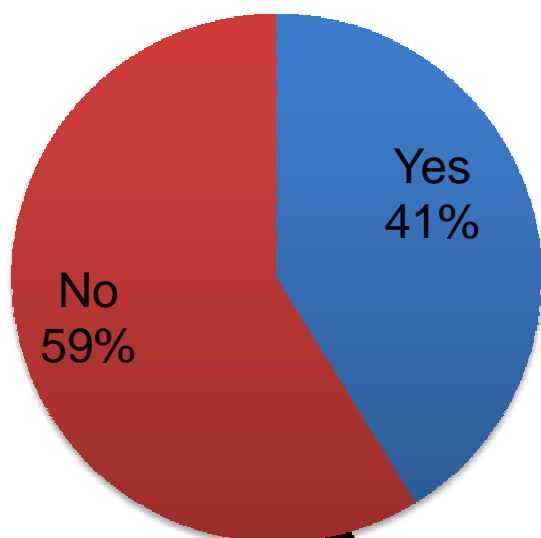
University X's alumni who graduated with student loan debt are dramatically less likely to be current donors and slightly less likely to be Lybunts or Sybunts

Debt at Graduation by Donor Type

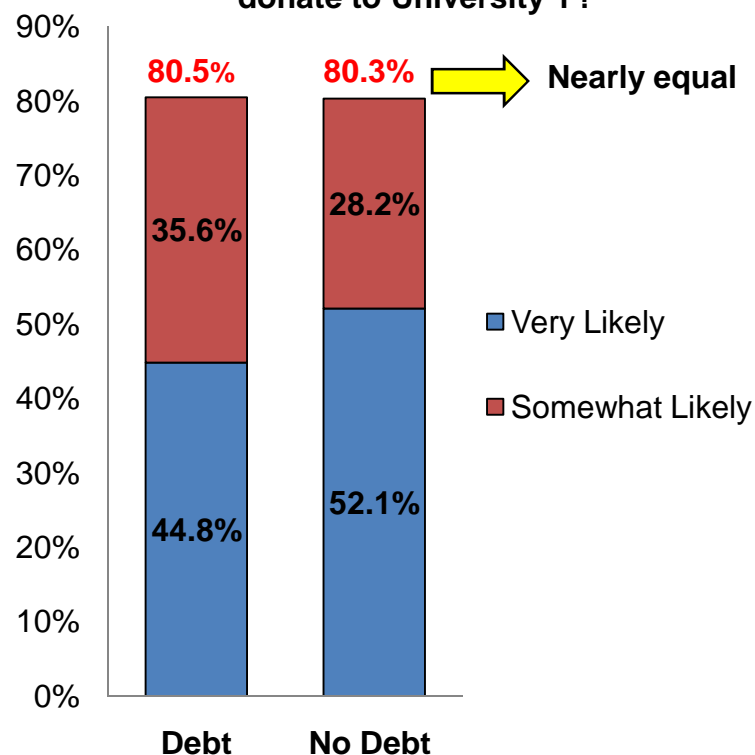


On the other hand, alumni donors from University Y who incurred student loan debt are just as likely to give again this year as donors who did not incur debt

Did you incur student loan debt during your education at University Y?

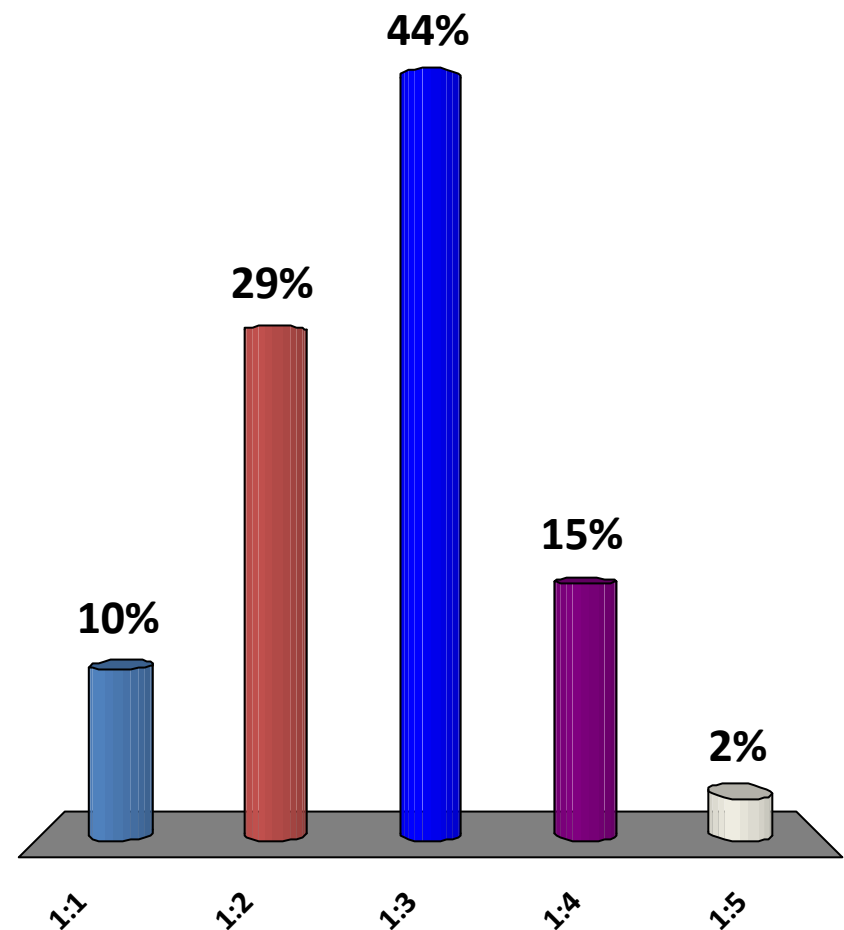


In the next year how likely are you to donate to University Y?



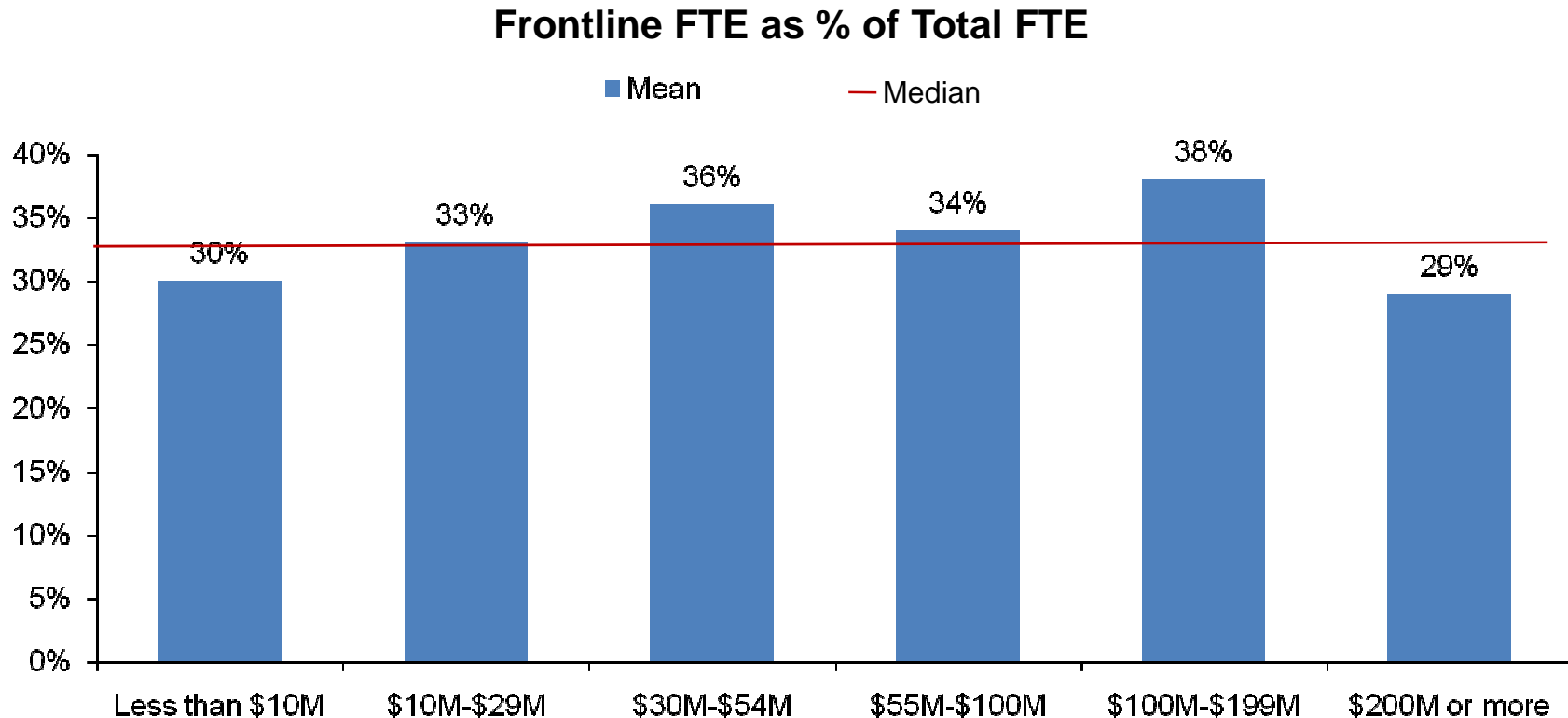
What is the ideal ratio of frontline FTE to total advancement FTE (excluding Alumni Relations)?

- a. 1:1
- ✓ b. 1:2
- c. 1:3
- d. 1:4
- e. 1:5



Sustainably Balancing Staffing Ratios

The average frontline FTE as a percentage of total FTE is 34%, with no correlation to total commitments

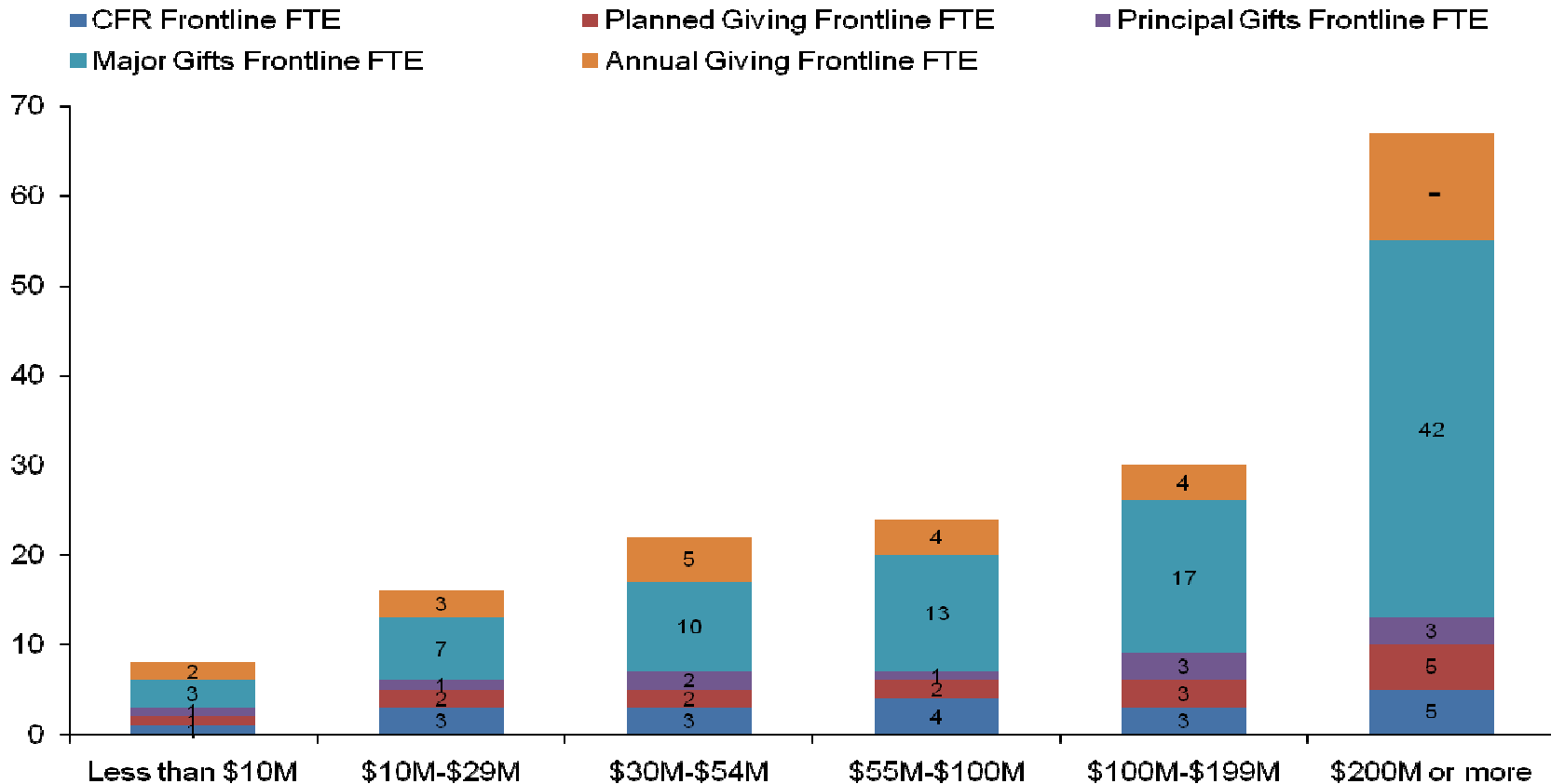


If your institution's percentage of frontline FTE is significantly higher than the mean, it could be an indication that you are under-invested in service area support, which will eventually make the frontline less productive.

Sustainably Balancing Staffing Ratios

As development operations grow, major gift frontline FTE represent the largest portion of staff

Number of Centrally-Funded Frontline Officers per Department



In addition to centrally-based FTE, unit-based FTE ranged from 4 at smaller programs to 32 at the largest. Unit-funded FTE are relatively rare in advancement offices raising less than \$55 million and are increasingly common in the largest shops.

Additional Resources: For further reading on any of these topic areas, the following Eduventures reports and Member Roundtable recordings are located in the Research Library:

- *Managing Returns on Advancement Investments, 2012*
- *Key Considerations for Developing Facility Naming Guidelines*
- *Transitioning to a Foundation Model*
- *Effectively Engaging and Soliciting Alumni to Increase Annual Giving Participation*
- *Strategies for Raising Unrestricted Gifts*
- *Sustaining Momentum Post-Campaign*
- *Using Alumni Surveys to Inform Engagement and Communication Strategies*
- *Driving Fundraising Success: Eduventures 2012 Agenda*