



Competing in Advancement's Era of Big Bets

The Five Defining Challenges of the Next Decade

Advancement Forum

Visions of a Bygone Era

Ten Years Ago, the World Looked Radically Different

The 20th Century Keeps Hanging On...



80% of people had them

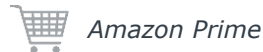


96% of people read them

...While New Tech Begins to Emerge...



2 years old, 20M owners



2M customers

...And Key Innovations Have Yet to Launch



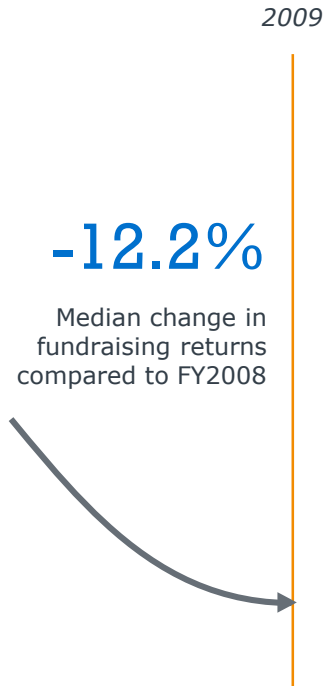
Debut **one year away**



Debut **one year away**

Fundraising's Darkest Hour?

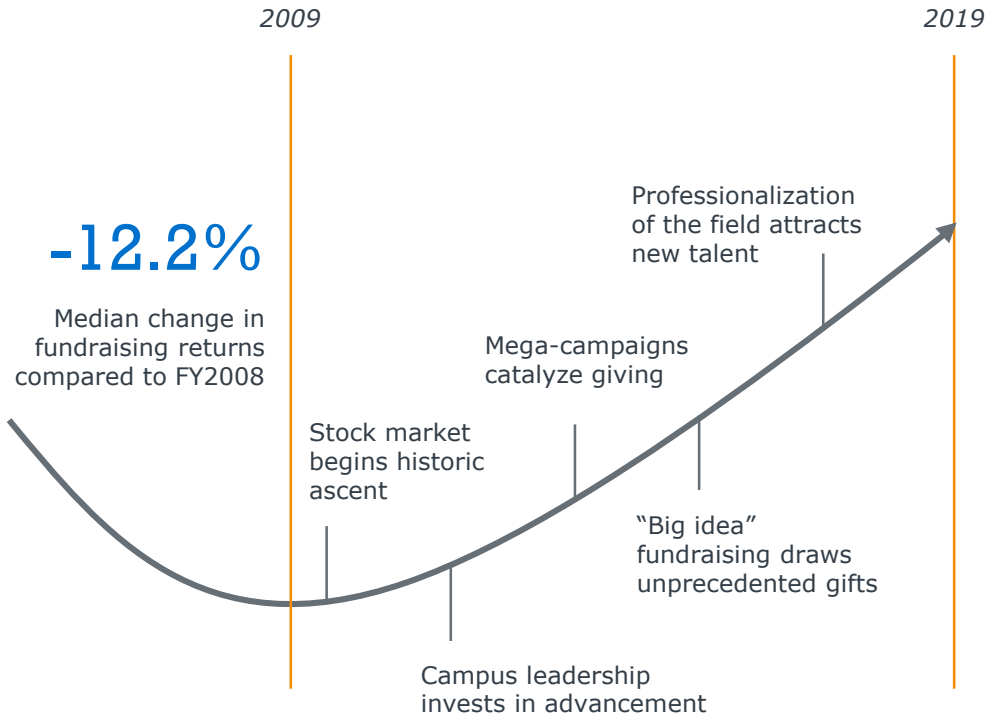
The Great Recession Drove Advancement to a Historic Low Point





Embarking on a Decade of Growth, 2009-2019

Advancement Quickly Puts Low Point in the Rearview Mirror

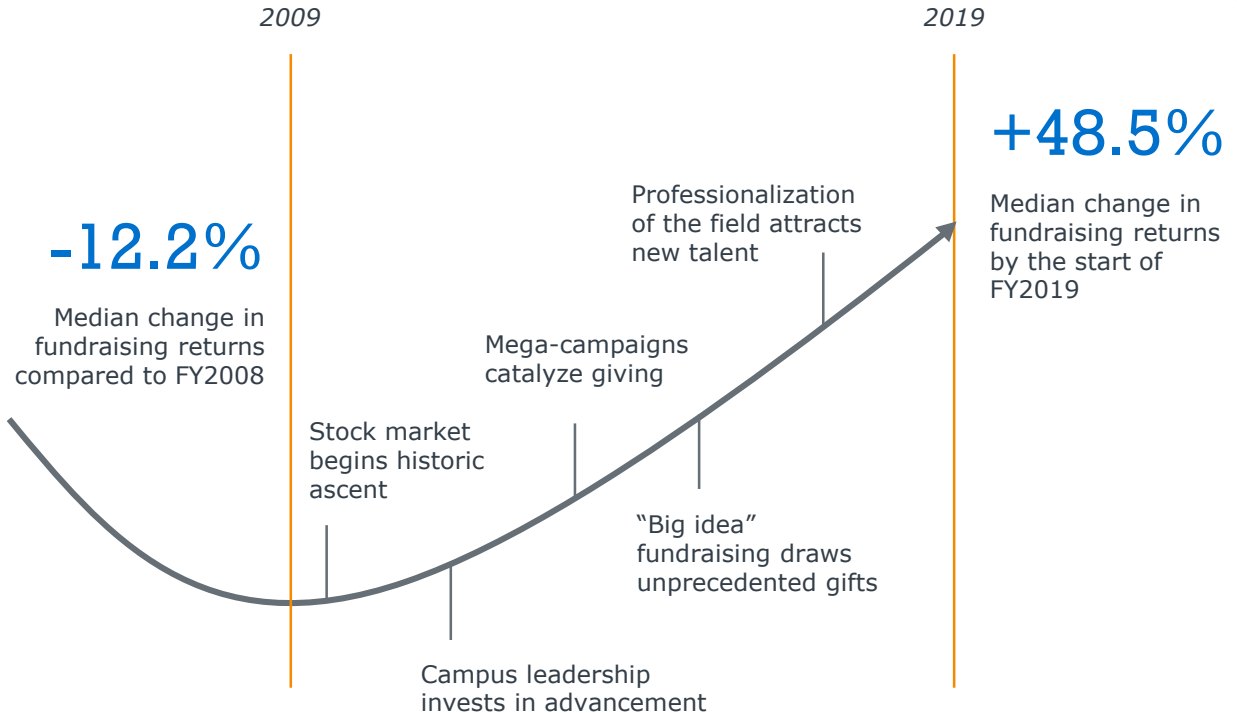


Source: Voluntary Support of Education survey, 2008-2009; Advancement Forum interviews and analysis.



Embarking on a Decade of Growth, 2009-2019

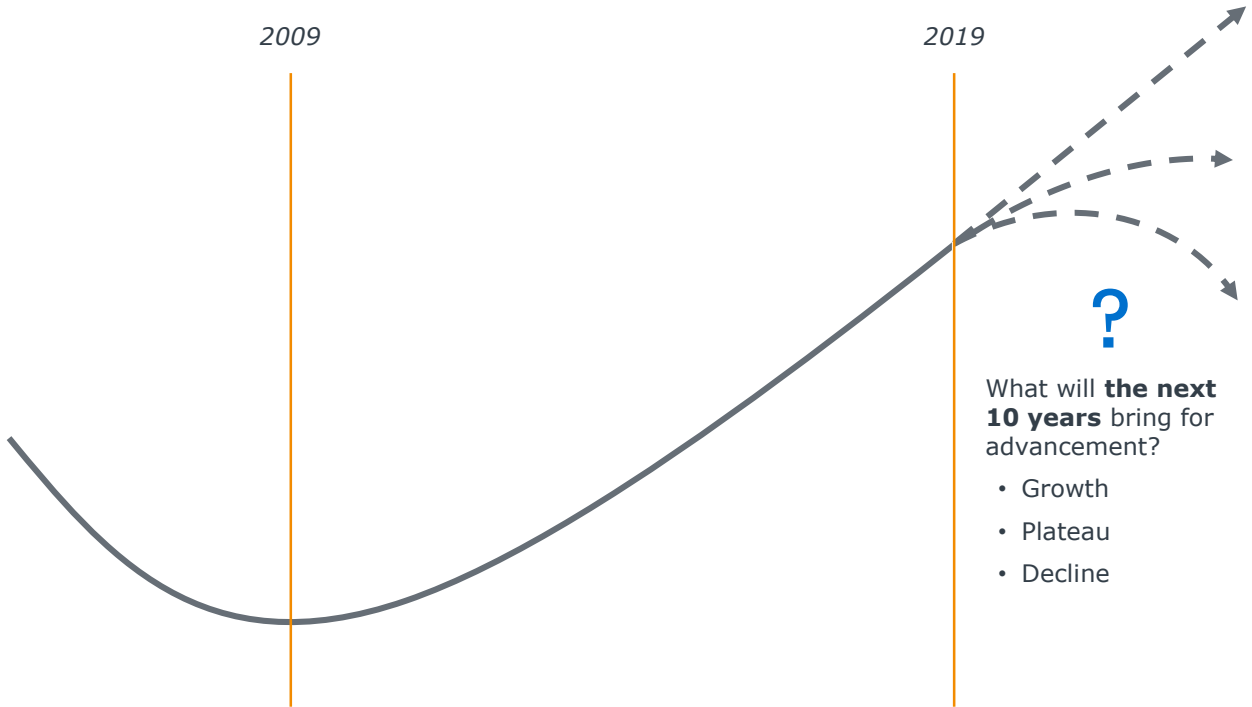
Advancement Quickly Puts Low Point in the Rearview Mirror



Source: Voluntary Support of Education survey, 2008-2018; Advancement Forum interviews and analysis.

What Future Will We Make for Ourselves?

The Decade to Come Holds Promise—and Peril



Working Today to Ensure Success Tomorrow

“ We'll announce our Amazon quarterly results, and [people will say], "Great quarter, congratulations!"... But what I really think about is how that quarter was kind of baked and done two or three years ago, and right now the **senior executives at Amazon are working on a quarter that's going to happen in 2021, 2022.**”

Jeff Bezos
Founder and Chief Executive Officer
Amazon.com

The Five Defining Challenges of the Next Decade

Advancement Leaders Must Navigate a Fraught Path into the Future

1



Maximizing **Fundraiser Efficiency**

2



Rightsizing Investments in **Digital Transformation**

3



Navigating the **Participation-Pipeline Tradeoff**

4



Scaling—and Sustaining—**Principal Gift Success**

5



Realigning **Core Mission** and Revenue Growth



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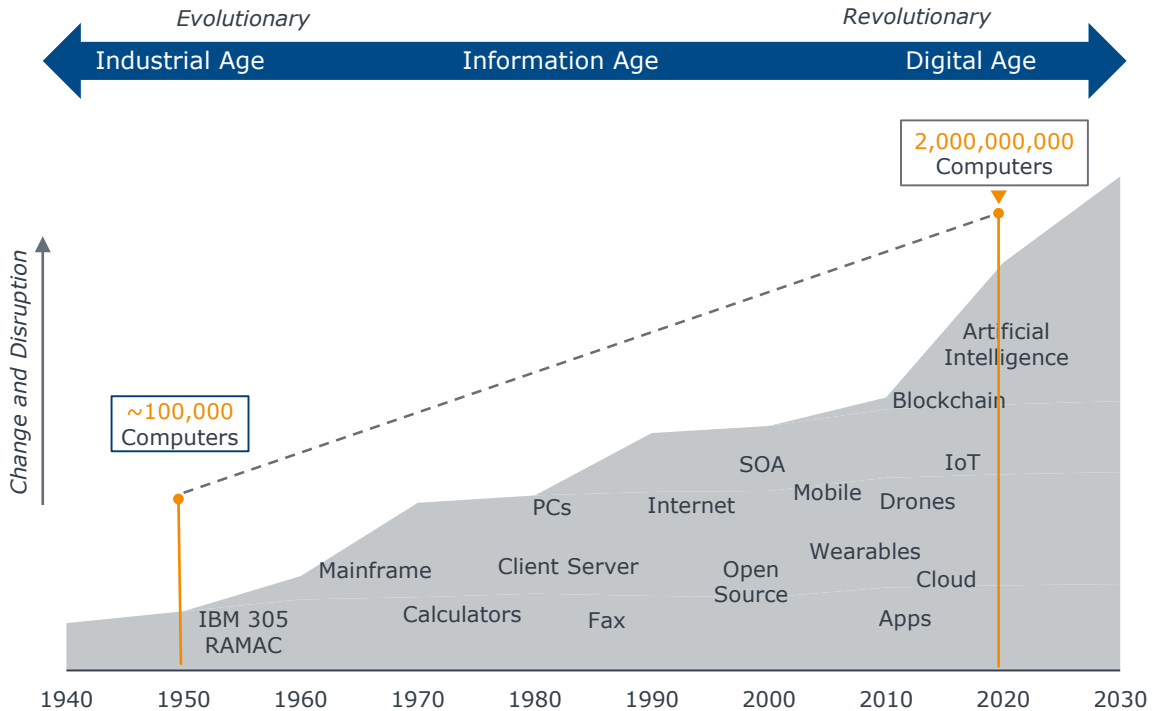
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Realigning **Core Mission** and Revenue Growth

An Expansion That Shows No Signs of Slowing

Technology's Growth Creates Complexity for CAOs



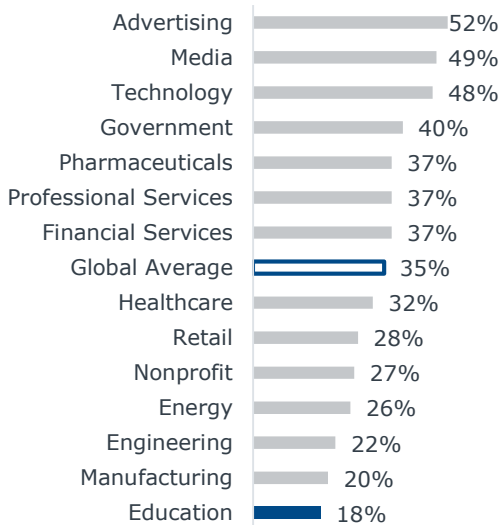
Source: Neil Perkin and Peter Abraham. "Building the Agile Business Through Digital Transformation." Kogan Page, 2017; "Future Trends: A Seismic Shift Underway," Majesco, 2016; "Internet of Things Forecast," Ericsson, 2019; Advancement Forum interviews and analysis.

Failing to Keep Up with the Pace of Change

Higher Ed Least Likely to Have a Digital Strategy

Adoption of Enterprise-Wide Digital Strategy Lags

% of Organizations Setting a Digital Strategy



Widespread Denial of Digital Shift



















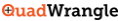








“On the whole, **we are still in the denial stage of grief about digital. We are acting as if nothing is going to change.** We are using the same playbook we always have. We are pretending this doesn't exist. There are some 'alarmists' who understand what's going on, but everyone else doesn't know what they don't know.”

*Mark Koenig
Assistant Vice President
Oregon State University*

Adoption Gap Not for Lack of Options

Technology Vendors Flood Market with Point Solutions

A Snapshot Of a Crowded Marketplace

<i>Fundraiser Workflow Management</i>	<i>Constituent Relationship Management</i>	<i>Marketing Automation</i>	<i>Multichannel Communications</i>	<i>Online Giving & Crowdfunding</i>
   	     	     	     	    

Lots of Options, but Few Holistic Solutions

“ There seems to be an unyielding onslaught of cloud-based, third party vendor solutions that will ‘solve every problem that we have.’ Many of them don’t talk to each other, and most address problems in a vacuum instead of thinking of the broader technology ecosystem.

I don’t see anyone emerging from the forest yet. I just see a forest.”

*Peter Hayashida, Vice Chancellor for Advancement
University of California Riverside*

Intention Before Action— Choose a Path, then a Vehicle

“**Figure out your business strategy before you invest in anything.** Leaders who aim to enhance organizational performance through the use of digital technologies often have a specific tool in mind. ‘Our organization needs a machine learning strategy,’ perhaps. But digital transformation should be guided by the broader business strategy.”

Benham Tabrizi, et al.

"Digital Transformation Is Not About Technology"

So What Is That ‘Broader Business Strategy’?

Visionary Leaders Aim at Engagement, Decision-Making, and Processes

Strategic Imperatives



Migrate the **Constituent Experience** onto Digital Platforms



Leverage Big Data to Drive Enterprise-Wide **Decision-Making**



Automate **Workflows and Processes** Across Departments

Intended Outcome

Better Interactions

High-calibre experiences

Better Decisions

High-ROI plans of action

Better Operations

High-efficiency teams

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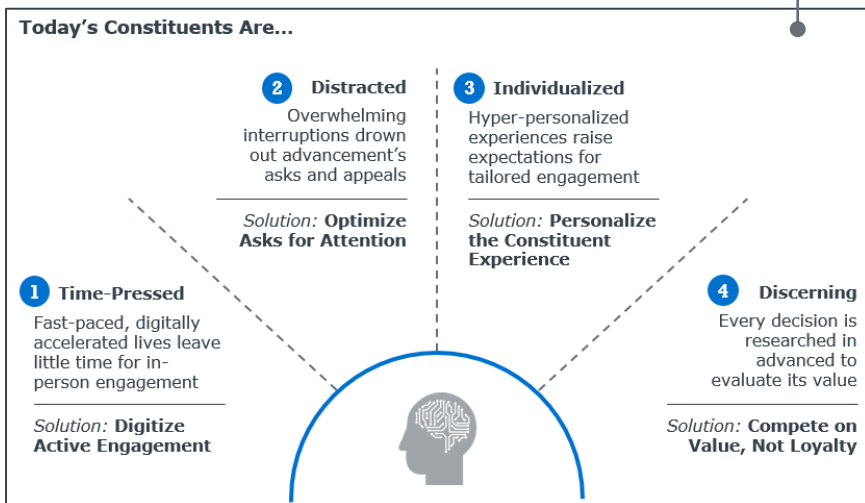
Better Operations
High-efficiency teams

EAB: No Strangers to Digital-Experience Strategy



Forum Research Library Goes Deep on Constituent Engagement

A Short History of Future-Focused Research



- Livestreamed Events
- Digital Micro-Engagements
- Optimized Giving Pages
- Text Message Campaigns
- Multichannel Content Marketing

Laying the Foundation for Digital Transformation



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Better Operations
High-efficiency teams

A Watershed Moment for Data Investments

Beyond One-Off Efforts, Technology and Talent Usher in New Possibilities

CRMs Transitioning at a Quick Clip

Sample CRM Implementations, 2017-2019

Ellucian Advance



Blackbaud CRM



Raiser's Edge NXT



Salesforce.org

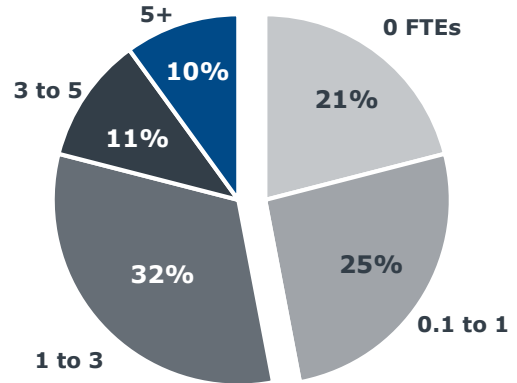


Jenzabar One



More Staff Now Fully Dedicated to Data

Number of Data Analytics FTEs by % of Institutions



53% Of institutions have **at least one** full-time data/analytics FTE

Connecting the Dots on Data

William & Mary's 'Geek Squad' Leverages All the Tools at Their Disposal

Stakeholders Bring Business Problems...



Campus Leaders

"When will we meet our campaign goal?"



Alumni Board

"Which events should we put on?"



CAO

"How many major gifts will we raise this year?"



MGOs

"Who should I reach out to next?"



...Data Team Bridges Technology Gaps to Develop Solutions



The Geek Squad

- 3 FTEs
- Build models using R, Python
- **Synthesize disparate data sources**

Example Geek Squad Projects



Alumni engagement scores



Upcoming major gift cash flow



Fundraising ROI of alumni events

Laying the Foundation for Digital Transformation



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Strategic Imperatives



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Are Robots Coming For Your Job?

Automation Of Tasks Brings Change Across Skill Levels

Innovation Abounds Across Sectors



Robots **check in guests** and deliver room service



Software **reviews contracts** faster than lawyers



Pet bowl uses facial recognition technology to **give treats to pets**



Kiosks **take customer orders** and process payment

All Workers Have Reason To Worry

Brookings Institution, 2019

Education Required	Automation Potential ¹
Not requiring Bachelor's	55%
Bachelor's or more	24%

Job Type	Automation Potential ¹
Administrative Support	60%
Sales and Related Occupations	44%
Management Occupations	23%

1) Percentage of tasks within the job that are susceptible to automation.

Envisioning Advancement's Automated Future

Scale And Timeline For Change Depend On The Job



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The Inefficiency-Prone MGO

Our Most Valuable Staff Overinvest Time in the Least Valuable Activities

MGO Role Mixes High-Skill Activities...

- Meeting with donors
- Exploring prospects' philanthropic interests
- Brainstorming compelling proposals
- Managing stakeholders on campus

Jane Q. Fundraiser



...With Rote, Routine Tasks

- Drafting emails
- Managing follow-up reminders
- Coordinating visit logistics
- Looking up prospect bios and giving history



*High ROI, Requiring MGOs' **Specialized Skills***



*Low ROI, but a **Necessary Evil** to Keep Cultivation Moving*

Taking Aim at the Rote and Routine

College of Charleston Uses AI to Streamline Discovery Outreach

Automatic Discovery Email Drafting

- 1 System prioritizes high-potential prospects in the discovery phase
- 2 Email is automatically drafted based on MGO's writing style
- 3 MGO reviews, edits, and hits "send"

Expanding Gift Officers' Reach

709 Nudges sent to gift officers within 3 weeks of launch

1,300 Unassigned qualification prospects added to portfolios

Tim,

Jane Smith is a consistent donor with lifetime giving of \$18,000 to College of Charleston. Her spouse is John Smith. Most recently, on December 31, 2018, she made a gift of \$5,000 gift to Charleston Music Fest and a \$500 gift to International Piano Series. Her largest gift was \$5,000.

Jane lives in Atlanta, GA and it might be a great time to set up a visit to ask her to renew her support for this year. We have suggested a meeting at "Marcel" which you can learn more about [here](#).

Gravyty drafted the below email to Jane on your behalf. If you'd prefer to call Jane, her number is (555) 555-5555.

Dear Jane,

We appreciate your past support of College of Charleston. Your generosity has made a difference for our students and esteemed faculty.

I'd love to continue the conversation and share some of our exciting upcoming plans. I will be in your area next month and was wondering if you would be my guest for dinner at Marcel while I am in town?

Thank you for your generous and continued support and look forward to talking with you soon.

With kind regards,
Tim

EDIT FIRST DRAFT

Instead, I will:

Send a letter Text this donor Call this donor

Set a follow-up:

1 Week 2 Weeks 1 Month 3 Months 6 Months

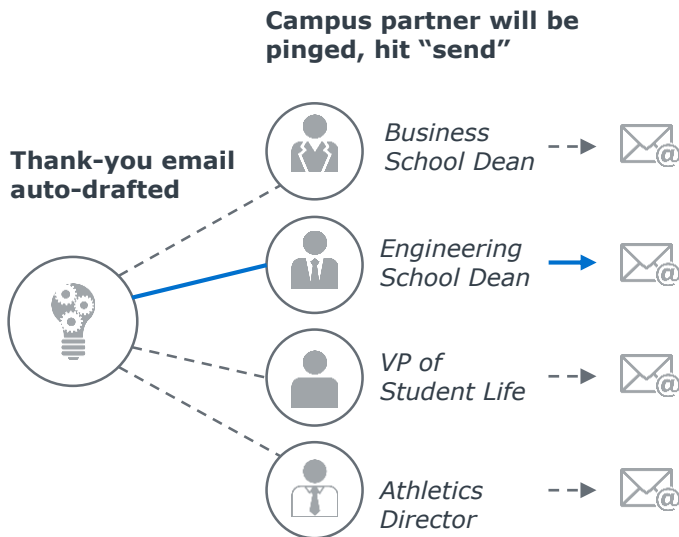
Next Fiscal Year

I have already contacted this donor

Enfranchising Campus Partners

At Buffalo, Email-Drafting Tech Will Make Everyone a Stewardship Officer

When A Donor Gives \$1K Or More...



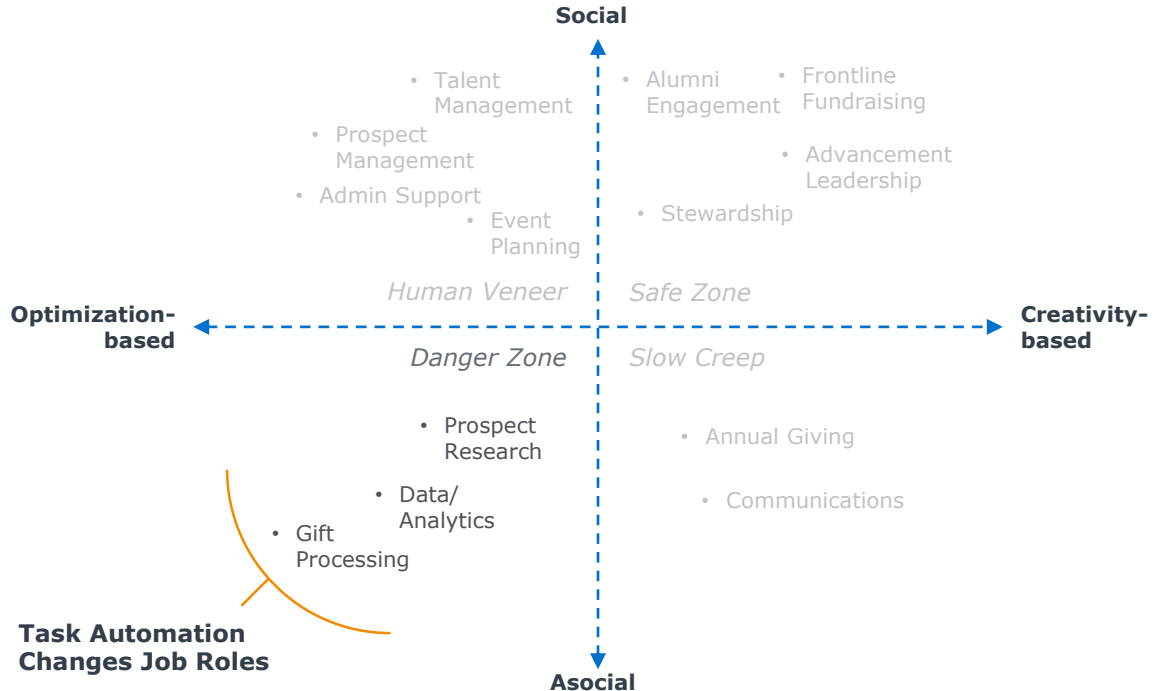
Plug-and-Play Personalization

“Our focus here will be on providing immediate, high-quality stewardship to our donors. The whole point is to be timely, dynamic, but personal, too. If we wait too long, we’ll seem out of sync to the donor. We’ll know it’s been successful if **donors are feeling like they got some personal attention.**”

*Rod Grabowski
Vice President for Advancement
University at Buffalo*

Envisioning Advancement's Automated Future

Scale And Timeline For Change Depends On The Job



Source: Kai Fu Lee, "AI Superpowers: China, Silicon Valley, and The New World Order", Houghton Mifflin Harcourt, September 28, 2018; Advancement Forum interviews and analysis.

A High-Volume Gift Processing Machine

Automated System Takes Cleveland Clinic Staff Time Out of the Equation

Gears Turn, Even Without an Operator



Donor gives a gift online



System **automatically checks donor ID** against 3M+ records



If donor is **in the system**



Gift logged to existing record



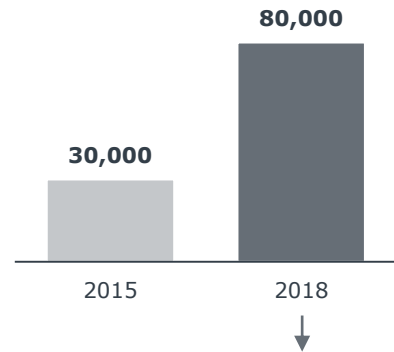
If donor is **not in the system**



New donor record created

Impressive Efficiency Gains

Total Number of Gifts Processed



167%

Increase in gifts processed

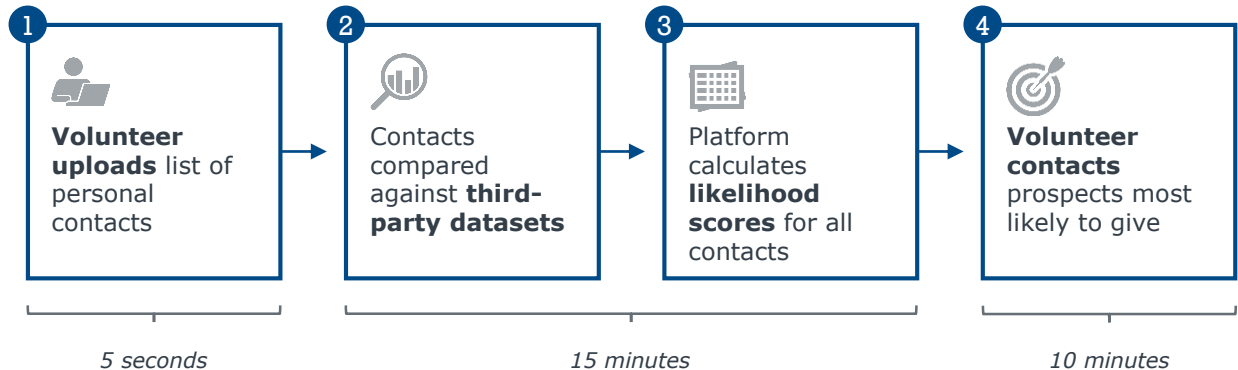
0%

Increase in FTEs

Automating Prospect Research

AI Platform Checks Robert Morris Volunteers' Networks for Likely Donors

boodleAI Predictive Model Compares Prospects Against a Massive Database



Expediting Hours of Manual Research

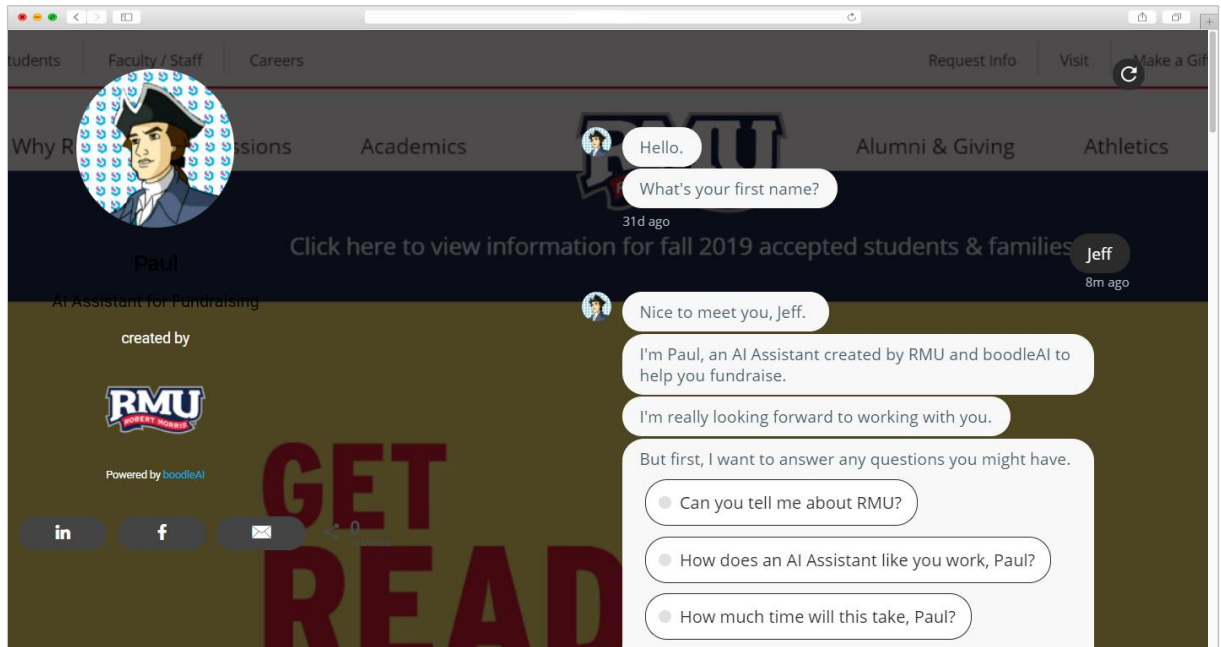
“We uploaded every donor who gave to any veteran’s fund at Robert Morris in the last 5 years. The Booodle team looked through those, found common denominators, and figured out the profile of a veteran donor. The system will be using that to identify prospects for the veteran’s center—both alumni and non-alumni. **That’s just not something you can do manually at this scale.**”

*Jennifer Young, Director of Annual Giving
Robert Morris University*

He's Very Polite (for a Robot)

Chat Bot Guides Volunteers Through Prospect Prioritization Process

Meet "Paul"—the World's First AI Prospect Researcher



Students Faculty / Staff Careers Request Info Visit Make a Gift

Why RMU Admissions Academics Alumni & Giving Athletics

Paul
AI Assistant for Fundraising
created by
RMU
Powered by boodleAI

GET READ

31d ago

Jeff
8m ago

Hello.

What's your first name?

Nice to meet you, Jeff.

I'm Paul, an AI Assistant created by RMU and boodleAI to help you fundraise.

I'm really looking forward to working with you.

But first, I want to answer any questions you might have.

- Can you tell me about RMU?
- How does an AI Assistant like you work, Paul?
- How much time will this take, Paul?

Source: "AI Assistant created by Robert Morris University", 2019, <https://boodle.ai/ai-assistant-rmu-paul/>; Advancement Forum interviews and analysis.

EAB's Peek into the Crystal Ball



What Will Be Most Unrecognizable by 2029?

Possibilities for Digital Strategy's Future



VR Scales High-Touch Donor Experiences

Proliferation of VR devices increases popularity of virtual and hologram visits



Voice Assistants Eliminate the Visit Report

Always-listening devices record key donor intel automatically



Algorithm Marketing Pinpoints Donor Passions

Big data tools automatically micro-target appeals based on digital behaviors



AI Manages Fundraisers' Every Move

Digital tools combine the role of coach and assistant into one super-manager

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Scaling—and Sustaining—**Principal Gift Success**

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Realigning **Core Mission** and Revenue Growth

The Participation-Pipeline Tradeoff

With Scarce Resources, Advancement Leaders Must Make Tough Choices

\$1

To spend on annual giving, **do you prioritize...**



Many small donors giving small participation gifts

AND



A few donors on a fast track to major gifts

“

Lots of annual giving programs classify themselves as pipeline programs, but it's in name only. They don't change strategies. **Few institutions have the staffing and resources to do both participation and pipeline at all, not to mention well.**”

Lacie LaRue, Executive Director of Development Strategies and Pipeline Programs University of Oregon

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Participation—Our Top Annual Giving Priority

Chasing Rankings, Many Advancement Leaders Focus on Boosting APR



How U.S. News Calculated the Best Colleges Rankings

Metric	2019 Weight	2018 Weight
Outcomes	35% ↑	30%
Faculty Resources	20%	20%
Expert Opinion	20% ↓	22.5%
Financial Resources	10%	10%
Student Excellence	10% ↓	12.5%
Alumni Giving	5%	5%

▶ *"Giving measures student satisfaction and post-graduate engagement."*

“

Misaligned Priorities?

"The question we have to answer is how much do we want to focus on dollars versus participation. We have trustees and key leaders who have Ivy envy, and because of that, they tend to place more emphasis on alumni participation rates. Honestly, **I think if we did well with dollars but participation slid, it would be a problem politically.**"

*Executive Director, Development
Private Research University*

”

Best Practices Abound for Driving Participation

EAB Research Illustrates the Path to Growth



Issue a Timebound Call to Action

- Giving days
- Concentrated email blitzes
- Consecutive giving societies



Diversify Your Appeal Channels

- Display ad marketing
- Text message campaigns
- Social media ambassadors



Reorient the Ask Around Causes

- Cause-based websites
- Affinity-segmented solicitations
- Crowdfunding campaigns



Remove Hidden Barriers to Giving

- Quick-complete forms
- A-B tested email campaigns
- Monthly giving initiatives



Increase the Number of Nudges

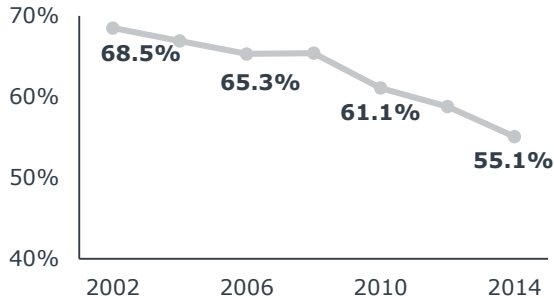
- Pre-appeal content marketing
- Automated donor journeys
- Abandon-gift reminders

Fighting an Uphill Participation Battle

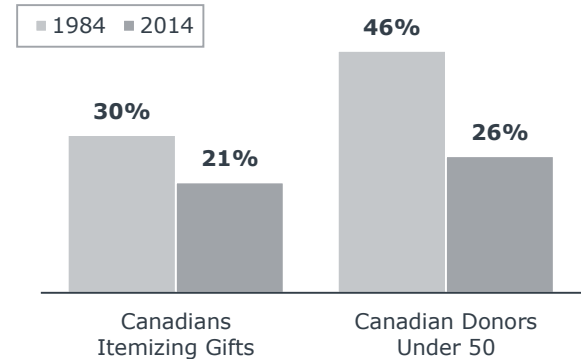
As Philanthropy Falls Out of Favor, Running Faster Gets Us Nowhere

Donor Counts Drop in the USA

% of Americans Giving to Charity, 2002-2014



Canada Sees Declines, Too



New Tax Law Exacerbates Problems



Number of Donors Down in First Year Under Trump's Tax Law



President Trump's Tax Law Has Made Americans Less Generous

Source: Una Osili and Sasha Zarins, "[Fewer Americans are giving money to charity but total donations are at record levels anyways.](#)" *The Conversation*, July 3, 2018; Nicole Nakoneshny, "[Giving by Canadians: A 30 Year Retrospective...and What It Means for the Way Forward.](#)" AFP, March 1, 2018; Laura Davison, "[President Trump's Tax Law Has Made Americans Less Generous, Charities Say.](#)" *Time*, June 18, 2019; Advancement Forum interviews and analysis.

Swimming With the Tide

Retail-Plus Programs Add Altruism onto Daily Transactions

Amazon Bolts Philanthropy onto Daily Life



\$22.5M

Per year donated to charitable organizations

\$27B

In total transactions

310M

Active Amazon users

Benefiting from a Captive Audience

“ AmazonSmile offers one significant benefit to nonprofits: **passive, long-term donations**. Unlike other channels, [it] offers donations based on **already-engaged consumers**.”

Joanne Fritz, The Balance

Bringing the AmazonSmile Model to Higher Ed

Robert Morris Partners with ShoppingBoss for 'Skim' Gifts

A Participation Strategy for a Non-Philanthropic Generation

Introducing the RMU Cash Pass

As a supporter of RMU, you have access to this exclusive platform where you can earn an average of 6% cash back on every purchase at over 260 national retail, restaurant, travel and entertainment brands.



[View All Merchants](#)

The cash you earn is yours to keep and is in addition to any credit or debit card rewards you currently receive. It's simple. It pays.

Your ongoing support helps us provide a quality experience for our students and allows them to perform at the highest levels of excellence in their respective disciplines.

[GET STARTED](#)

- 1 Alumni pay \$25 annual fee; **RMU receives \$18** as a gift
- 2 Alumni buy gift cards through Shopping Boss and **receive 6% cash back** on average
- 3 **RMU receives 1%** of each transaction as a donation

It's Not a Gift Society—It's a Growth Opportunity

UCLA's 'Westward' Offers Personal Enrichment in Exchange for Donations

For \$10 a Month, Members Get...



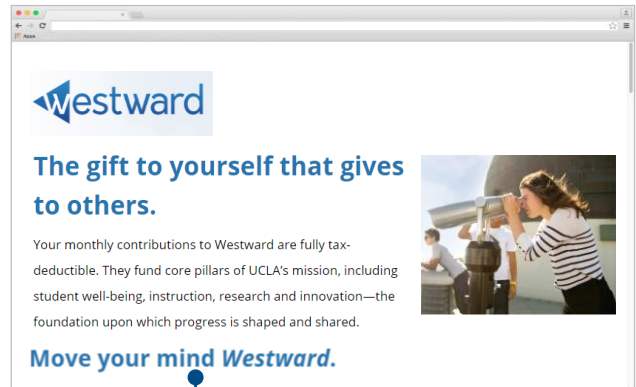
Quarterly book recommendation



Exclusive online discussion community



Video interviews with faculty experts



The screenshot shows a web browser displaying the Westward program's website. The page features the Westward logo at the top left, followed by the headline "The gift to yourself that gives to others." Below this, a paragraph explains that monthly contributions are tax-deductible and fund core pillars of UCLA's mission. To the right of the text is a photograph of a woman in a striped shirt looking through a telescope. At the bottom of the page, the slogan "Move your mind Westward." is displayed. A blue callout box with a white dot pointing to the slogan contains the text "Program marketing highlights benefits to donor".

Program marketing highlights benefits to donor

Early Results Show Promise

200 Members in first year

70% Of donors are first-time or long-lapsed

\$30K In annually recurring unrestricted revenue

The Participation-Pipeline Tradeoff

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*Lacie LaRue, Executive Director of Development Strategies and Pipeline Programs
University of Oregon*

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The Rankings Chase Comes at Great, and Maybe Fruitless, Expense

“Two years ago, I looked at the numbers, and I realized we’d have to invest \$1.5 million more just to maintain a 7% undergraduate alumni participation rate. **And to move the University from #56 to #55 in the US News rankings, we’d have to increase alumni participation to 45%.** When I showed that to the president, he decided to drop alumni participation as one of my primary performance metrics.”

*Nevin Kessler
President, Rutgers University Foundation*

The Pipeline Paradox

We Must Acquire Young, But We'll Lose Them Before They're Old

Young Alumni Efforts Necessary...

80% Of current major gift donors **gave in the first five years** after graduation

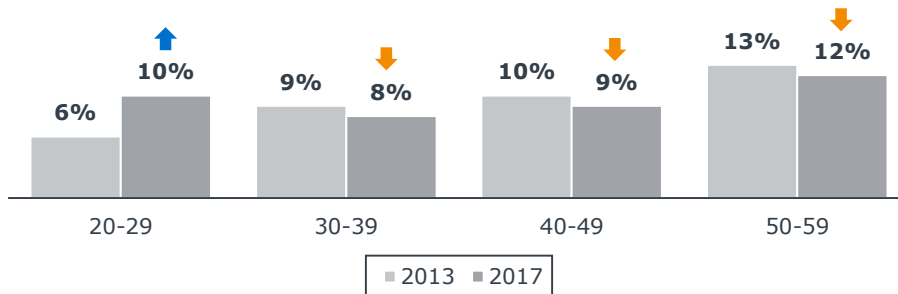


...But Far from Sufficient

45% Of graduates after 1995 who gave in their first five years **stopped giving by their 15th reunion**

Our Strategies Pay Off—In the Wrong Places

Alumni Participation Rate by Age Group

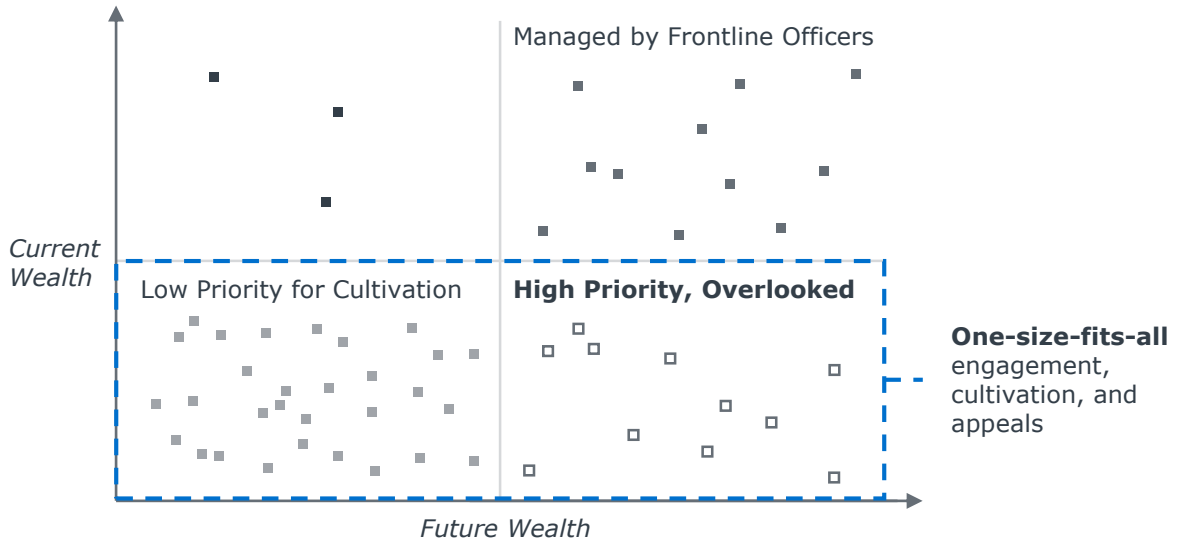


Pipeline Donors Adrift in Annual Giving

Spreading Ourselves Thin, We Fail to Focus on Tomorrow's Best Prospects

Annual Giving Spreads Efforts Evenly—At Their Peril

Current Wealth and Future Wealth of Prospects

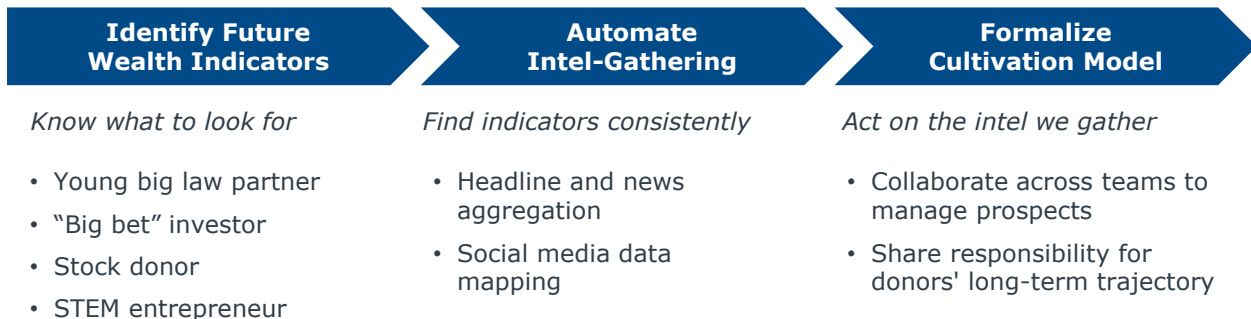


Developing a Future-Focused Pipeline Strategy



UChicago Moves Towards Future-Prospect Management Protocol

UChicago's Implementation Road Map



Playing the Long-Term Odds

“**If 40% of the people we put in this group end up being principal gift prospects**, that will be a win. We want to identify future principal gift prospects in the annual fund pool as soon as possible.”

*Kimberly Priebe
Executive Director, Prospect Development and Decision Support
University of Chicago*



But Can We Reach Our Overlooked Prospects?

'Donor Diaspora' Complicates Pipeline Development Work

College Graduates Move Far Afield

330 miles

Average distance from campus an alum of a state university lives

677 miles

Average distance from campus an alum of a top 20 school lives

Alumni Land in a Wide Variety of Places

Case Example: Unassigned Pepperdine University Alumni Within 50 Miles of Each Location

A few "hot spots"

- Los Angeles: 46,674
- Orange County: 12,295

Followed by a long tail

- Bay Area: 4,627
- San Diego: 3,700
- Seattle: 1,959
- New York: 1,873
- DC: 1,840
- Dallas: 1,572
- Phoenix: 1,474
- Denver: 1,322
- Portland: 1,102
- Hawaii: 1,088
- Las Vegas: 1,023
- Houston: 912
- Chicago: 843
- Atlanta: 805

Moving Relationships From Afar

The Digital Gift Officer Extends the Front Line's Reach

A Massive Portfolio

1,000+ Assigned prospects

- 1 Suspected wealth
- 2 Upgrade velocity
- 3 Assigned but overlooked

Apply Now: Digital Gift Officer

Direct Solicitation/Stewardship (55% of time)

Using digital strategies identify, qualify, cultivate, and steward selected alumni as donors and volunteers...

Digital Engagement Strategy (20% of time)

Develop a comprehensive digital engagement strategy for identified segments of the alumni population...

Data Analysis (10% of time)

Evaluate the reach for all digital engagement...

Special Projects (15% of time)

Responsible for making solicitation calls and texts...

A Multichannel Approach to Pipeline Development



Personalized
email outreach



Text message
campaigns



Skype video
conversations



Social media
engagement

The ‘Gig Economy’ Comes to Advancement

Pepperdine Experiment Shows Potential of Part-Time, Remote Fundraisers

A Serendipitous Opportunity



“We had a **vice chancellor** who was on his way out and a **faculty member** who was ready to retire. Because of all the relationships they had with donors, we thought they would be good people [for this role].”

*Keith Hinkle
Senior Vice President for
Advancement and Public Affairs
Pepperdine University*



The MGO Role, Scaled Down



Carry a portfolio of prospects



Cultivate and steward prospects and donors



Present proposals for major gifts

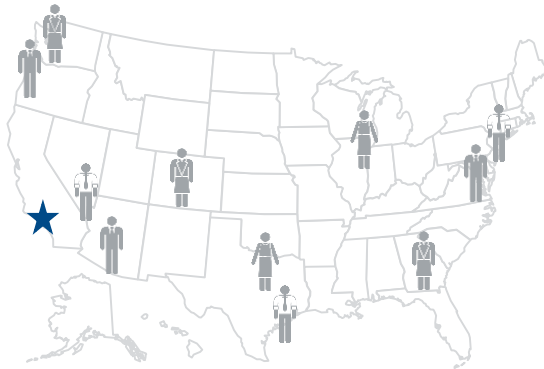
2/3 the workload of full-time major gift officers

\$4M Per year raised by “gig economy” major gift officers

Expanding the Experiment

Pepperdine Poised to Increase Scale and Reach Overlooked Prospects

Two-Year Plan: Deploy Gig Economy Model to Strengthen Pipeline



25 Gift officers deployed in 10-20 cities across the country

Fundraiser Profile



Recent grad with philanthropy experience or engaged alum



Full-time job outside of development

Low Cost, Broad Reach

\$10K In projected **annual costs** per gift officer

\$25K In projected **annual revenue** per gift officer (*excluding \$100K+ from major-gift handoffs*)

A Different-in-Kind Compensation Model

Pay-for-Performance Reduces Risk and Creates Flexibility

Quarterly Performance Pay...

Three-Month Goals and Compensation

Visits	Gifts (\$100+)	Pay
15-19	0-7	\$450
20-24	8-19	\$750
25-29	20-29	\$1,500
30+	30+	\$2,250



...Plus A La Carte Bonuses

One-Off Rewards for Outcomes

Outcome	Bonus
First-time Associate's-level gift (\$1K+)	+\$100
\$25K resulting from handoff to MGO	+\$250
90 visits across a year	+\$1,000
\$25K raised across a year	+\$1,000

EAB's Peek into the Crystal Ball



What Will Be Most Unrecognizable by 2029?

Possibilities for Annual Giving's Future



The Hybrid Annual Fund Dissolves

Direct-response and comms merge; engagement and leadership annual giving join up



US News Drops Giving as a Ranking Criterion

Advancement deprioritizes small-donor fundraising, elevates engagement



Advancement Embraces "What's In It For Me"

Personal enrichment and transactional giving programs proliferate to boost APR



Robot Gift Officers Create Illusion of Personalization

Most one-on-one donor communications (email, social) are managed by AI

The Five Defining Challenges of the Next Decade

Advancement Leaders Must Navigate a Fraught Path into the Future

1



Maximizing **Fundraiser Efficiency**

2



Rightsizing Investments in **Digital Transformation**

3



Navigating the **Participation-Pipeline Tradeoff**

4



Scaling—and Sustaining—**Principal Gift Success**

5



Realigning **Core Mission** and Revenue Growth

Principal Gifts at the Center

Recession's Aftermath Yields Hyper-Focus on the Top

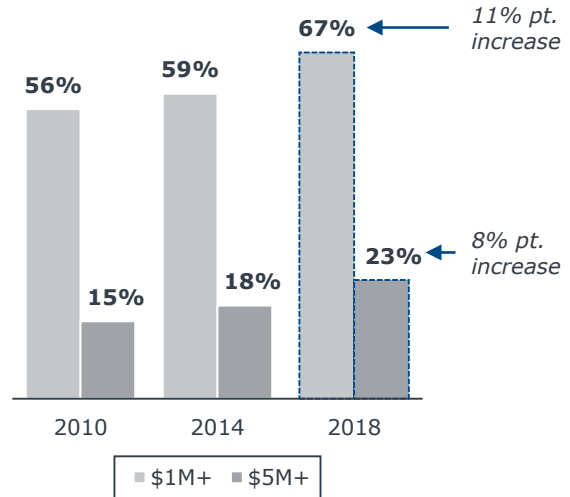
Wealthy Gain Even More Wealth

Total Number of Wealthy Households in U.S.

Net Worth	2010	2018	Growth
\$100K-1M	27.8M	31.2M	+12.2%
\$1M-25M	8.3M	11.6M	+39.8%
\$25M+	105K	173K	+64.8%

Doubling Down Here Pays Off

Institutions With at Least One 7-Figure Gift



Source: Voluntary Support of Education ; Alexandre Tanzi, "The U.S. Now Has More Millionaires Than Sweden Has People," Bloomberg, March 13, 2019; "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility", Opportunity Insights, June 18, 2019, <https://opportunityinsights.org/data/>; Advancement Forum interviews and analysis.

Engineering Sustainable Growth

Advancement Bets on New Prospects—and the Staff to Scale Cultivation

Two Strategy Shifts for the Decade Ahead

1

Scale the CAO's Reach

Staffing strategically to find economies of scale

Profiled Institutions



2

Flip the Talent Paradigm

Enfranchising new gift officers to cultivate the pipeline

Profiled Institutions



Two Strategy Shifts for the Decade Ahead

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The Donor Management Conundrum

Centralizing Top Prospects with Leadership Risks Relationship Quality

Our Most Complicated Relationships—Managed by Our Busiest Leaders



A Profile of the Principal Gift Donor

- Driven towards bold projects that cross departments
- Data-driven, always hungry for more numbers
- Sits on the board, well-connected among donors
- High touch, high involvement



VP for Advancement

- Has a portfolio of 100 prospects
- Manages a 30-person team



President

- On the road 21 days last month
- Currently the point person for 20 principal gift donors



Engineering Dean

- Stewarding 20 donors
- Hiring three new faculty

Shifting the CAO's Focus Outward

Dalhousie's Strategy Manager Handles Principal Gift Pre-Work

Redistributing the Principal Gift To-Do List

	Task	CAO	Strategy Manager
External	Cultivates new prospects	✓	
	Presents principal gift proposals	✓	
	Stewards existing donors	✓	
Internal	Drafts donor communications		✓
	Develops cultivation strategies		✓
	Briefs campus partners	✓	✓
	Identifies gift opportunities		✓
	Drafts gift agreements		✓
	Manages cultivation timelines		✓
	Formalizes stewardship plans		✓

CAO focuses on high-ROI **donor interactions**

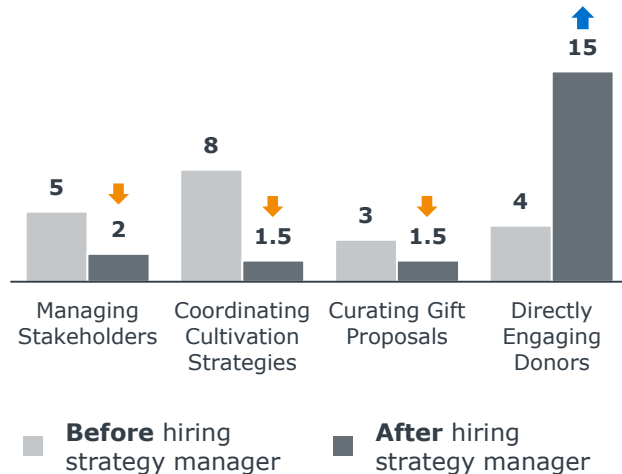
Strategy manager **puts internal pieces in place**, sets CAO up for success

Freeing Up Time for High-ROI Activities

Principal Gift Strategy Manager

Less Time Spent Preparing... And More Time Spent Cultivating

Hours Per Week Spent on Principal Gift Activities



Curing 'Side of Desk Syndrome'

“ I wanted to build a principal gift practice that wasn't just on the side of my desk. With this new position, when I sit down and spend time on principal gifts, I'm not trying to figure out what I should be doing. I'm doing it. That's allowing us to **build the Vice-President's office largely around the stewardship and pursuit of principal gifts.**”

*Peter Fardy, Vice-President,
Advancement
Dalhousie University*

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A Noticeable Shift in Principal Gifts

The Status Quo Starts to Crumble

Expanding Opportunity Complicates the Model

“When principal gift programs were first established in the 80’s they typically focused on 20-30 couples and individuals whose interest and devotion to an organization made them stand out among other supporters... Thirty years later **that focus seems impossible given the number of wealthy individuals** we are in a position to know. Most principal gift programs have expanded to meet that new reality seeking to work with upwards of 200 individuals in some cases.”

*Rebecca Tseng Smith, Senior Executive Director of Development
University of California, San Diego*

Moving From Core Supporters...



- Consistent gift history
- Deep, decades-long relationships
- Managed by the VP, president, deans

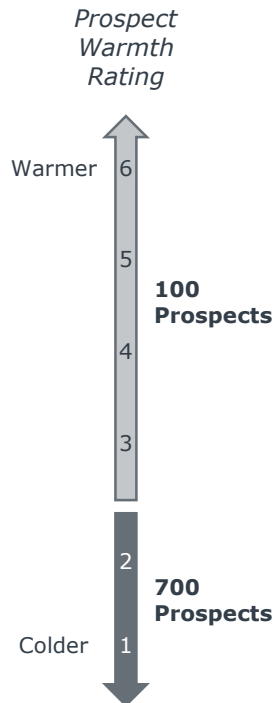
...To Working With Emerging Prospects



- Inconsistent giving
- Nascent or non-existent relationships
- Managed by MGOs

A New Hire for the Coldest Prospects

UC Davis Builds Portfolio Focused on Those with Low Engagement



Assigning an Officer to the Coldest Prospects

- 40 prospects currently managed
- Little to no engagement or giving to the university
- One director of development assigned
- Responsible for entire cultivation cycle

\$20M

Expected through new gifts and commitments for FY2019

“

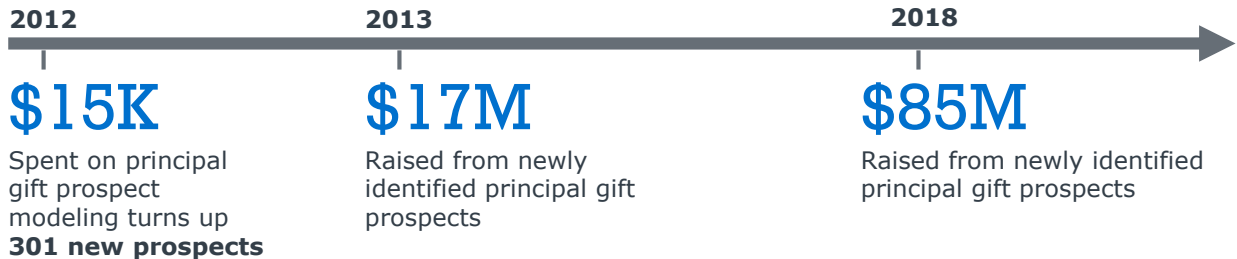
She's been with us three years, and **right now she's at the tipping point**. It takes some time from discovery to giving. We're right in the window. These prospects are really starting to turn into donors.”

*Daniel Isidor, Executive Director of Principal Gifts
University of California, Davis*

Hiding in Plain Sight

University of South Dakota Jump-Starts Principal Gift Relationships

Small Investment, Big Reward



From Zero to Principal Gift

“About 50% of these prospects **wanted to immediately start giving transformational gifts to the university**. The other 50% gave us a small gift to see what we could do. Within a year we’d ask for a gift to their full capacity. If we stewarded them well, they said yes.”

*Margaret Williams, Director of Prospect Research
University of South Dakota*

Betting on Nontraditional Principal Gift Staffing




Early Career Fundraisers Take the Lead

Principal Gift Discovery Officers at the University of South Dakota

14 Fundraisers

1 in 3 Had **zero years of experience**

62 Prospects visited in the first year

Principal Gift Discovery Skills	Young Staff	Seasoned Staff
 Responsible, able to manage a complex relationship	✓	✓
 Willing to cold call prospects regardless of previous contact	✓	✗
 Willing to bet against historical cultivation cycles and timelines	✓	✗

EAB's Peek into the Crystal Ball

What Will Be Most Unrecognizable by 2029?

Possibilities for Principal Gifts' Future



Two-Track Advancement Leadership

Strategy VP handles internal management; cultivation VP owns top donor relationships



Principal-Gifts-Only Advancement Teams

Given high opportunity cost, annual giving and major gifts are reoriented toward the top



Diminishing Wealth Gap Cuts into Principal Gifts

Changing economic conditions and new taxes lead the wealthy to pull back



Backlash to Donor Influence Hampers Efforts

Concern about power over institutions elicits stringent gift agreement policies

The Five Defining Challenges of the Next Decade

Advancement Leaders Must Navigate a Fraught Path into the Future

- 

Maximizing **Fundraiser Efficiency**
- 

Rightsizing Investments in **Digital Transformation**
- 

Navigating the **Participation-Pipeline Tradeoff**
- 

Scaling—and Sustaining—**Principal Gift Success**
- 

Realigning **Core Mission** and Revenue Growth

Our Next Campaign: Onwards And Upwards

Yet Questions Of Sustainability Rise As Campaigns Grow Larger

"Big Idea" Fundraising Grows...



"UVA to Launch **Data Science School** with \$120M Gift"



"\$25M Donation to Santa Clara U Aimed at **Social Entrepreneurs**"



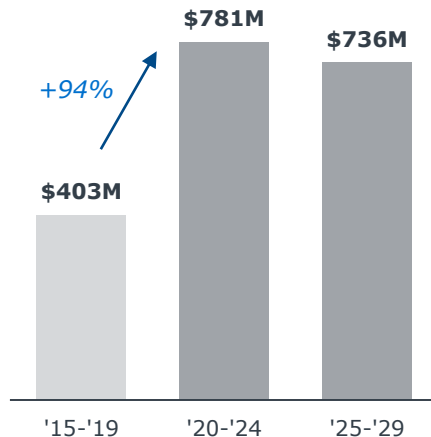
"\$10 Million Gift Starts Lebanon Valley College **Health Professions Pavilion**"



"Schwarzman Gives \$350M for MIT College of **Artificial Intelligence**"

...Fueling Campaign Goal Inflation

Average Campaign Goal by Campaign End Year, 2005-2029



Do Mission and Margin Compete? Anxiety About the 'Core' Creeps In

“ Even as our campaigns get larger and we produce more and more, there is a countervailing force that says, **'How much of that \$3 billion campaign actually speaks to the core mission of the university?'** If we need to be more cognizant of that, what tradeoffs do we make? **Are we willing to accept slower growth rates for the 'right' dollars?'**”

Darrow Zeidenstein
Former Vice President for Development and Alumni Relations
Rice University

Keeping a Close Eye on 'Mission' Fundraising

Presidents Ask to Separate Out 'Core' Dollars from Transformative Projects

Separate Annual Reports

Rice University



Annual
Progress
Report



- 1 'Core' Dollars Report
- 2 'Non-Core' Dollars Report

A New Set of Performance Metrics

Dalhousie University



Advancement
KPIs

- 
- 1 Mission-supporting revenue growth
 - 2 Revenue growth
 - 3 Return on investment

Seeking the Highest-Impact Dollars

"Growth is not just a sustained increase in financial results. The board is also looking at alignment with mission and the impact the institution is trying to make. **Growth for growth's sake isn't useful.**"

*Peter Fardy, Vice-President, Advancement
Dalhousie University*

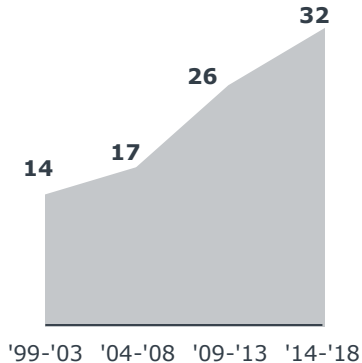


Looming Existential Threats Fuel Leaders' Fears

Colleges Face Crises On Multiple Mission-Critical Fronts

Perilous Finances

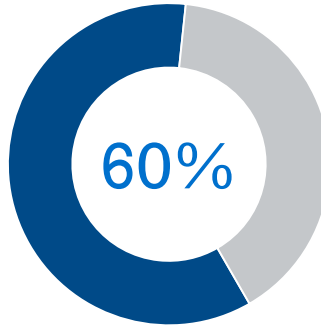
College and University Mergers and Acquisitions



2.3x Rise in mergers and acquisitions in past 20 years

Low Graduation Rates

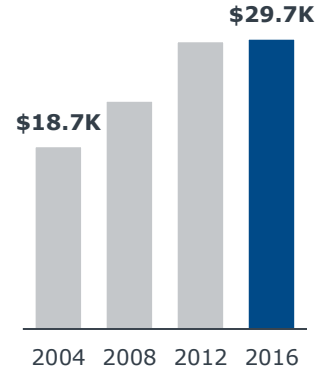
6-Year Undergraduate Completions



Of undergraduates complete their degree within 6 years of first enrolling

Rising Student Debt

Average Student Debt



59% Growth in debt per graduate, 2004-2016

Making Advancement A Mission-Critical Partner



Enhancing Advancement's Focus on Core Impact

Ensure Sustainable Operations



- MGO Unrestricted Revenue Metrics
- Enrollment Calling Collaboration

Enhance Student Outcomes



WAYNE STATE
UNIVERSITY

- At-Risk Student Mentoring

Alleviate Student Debt



- Student Debt Minimization Initiatives

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We Don't Ask Our Best Donors for Unrestricted Trust in the Mission

“ We don't do a good job of asking donors that know us best for unrestricted donations. As we develop our relationships and build with trust with them, it is only natural that we should lean on them to trust the institution with unrestricted donations, because they should know better than anyone that money will be put to good use. **Instead, as relationships develop, their gifts grow more restricted.**”

*Vice President for Development
Public Research University*

Cracking the Code on Budget-Relieving Dollars

Notre Dame MGOs Drive Unrestricted Fundraising through Hybrid Gifts

MGO Metrics Realigned Around Unrestricted Dollars

Sample MGO Scorecard

Metric	Goal
Total Dollars Raised	\$2,000,000
Major Gift Closed	15
Portfolio Visits	90
Unrestricted Dollars	\$400,000

Goal ranges from 10% of total for senior MGOs to 20% for junior ones

Hybrid Gifts Offer Scalable Fundraising Tool

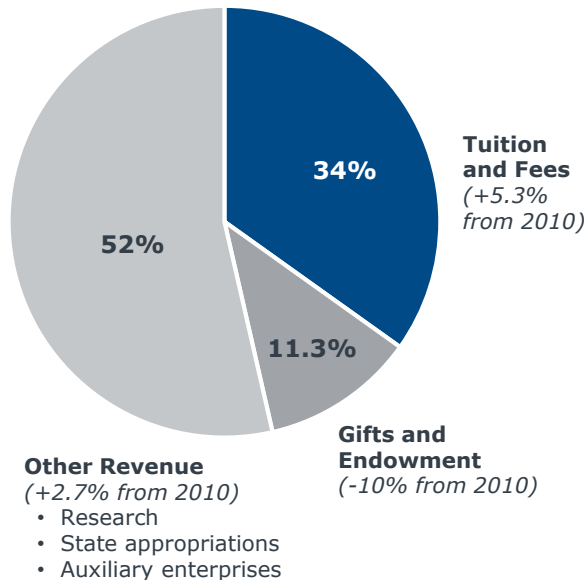
$$\begin{aligned}
 & (\quad \$100\text{K}+ \quad \text{Donor-designated major/principal gift} \\
 & + \quad \$25\text{K}+ \quad) \quad \text{Unrestricted President's Society gift (per year for 4 years)} \\
 & \times \quad 220 \quad \text{Hybrid proposals annually} \\
 & = \quad \$27.5\text{M} \quad \text{Annually in unrestricted \$25K+ gifts}
 \end{aligned}$$

Fundraising Alone Won't Move The Needle

Tuition Accounts for Growing Share of Operating Budget

Overreliance on At-Risk Tuition Dollars

Revenue of 4-Year Public and Private Institutions, 2016



MOODY'S

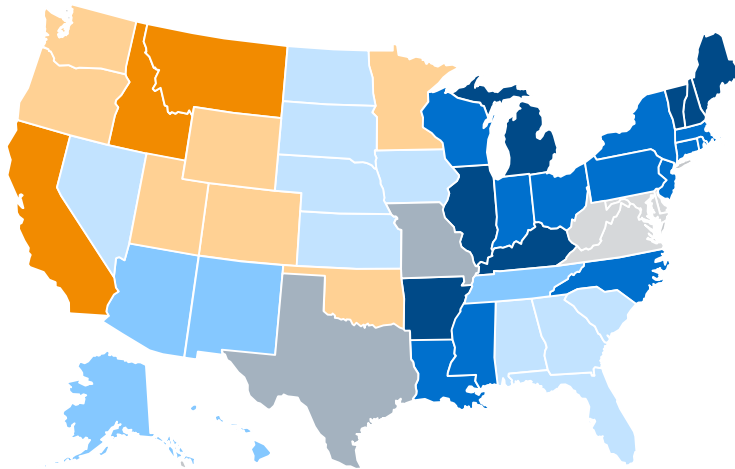
US higher education outlook remains negative on low tuition revenue growth (2019)

“**Operating revenue for four-year colleges and universities** will soften to about 3.5% and **will not keep pace with expense growth**, which we expect to be almost 4.0%. A growing number of universities will have even weaker revenue growth, pressuring operating performance.”

For Many, Core Markets Are Becoming Insufficient

Majority of U.S. Facing Steep Demographic Declines

Projected Change in 4-Year College-Going Students, 2017 - 2029



% Change	# Institutions
5%+	157
1% to 4%	186
0%	104
-1% to -4%	151
-5% to -9%	346
-10% to -14%	97
-15% to -19%	752
-20%+	231

78% Of four-year institutions are in states facing demographic declines

49% Of four-year institutions face declines of 15% or more

Putting Enrollment Front and Center

Phonathon Poised to Reorient Towards High-ROI Enrollment Calling

A Strategy Shift on the Horizon?

“

“I’m starting to wonder if **it might not be the best use of student callers’ time to have them asking for annual fund gifts.**

The ROI for annual fund calling is not what it used to be. And with the enrollment pipeline getting increasingly competitive, **maybe those callers should shift their focus to student recruitment.**”

*Peter Caborn
Associate Vice President for Alumni
Affairs & Advancement Services
Wayne State University*

”

The Math Points Past the Annual Fund

Phonathon Fundraising ROI

1

Phonathon
donor

=

\$108

In fundraising
revenue

Enrollment Marketing ROI

1

Newly
matriculated
student

=

\$18.7K

In first-year net
revenue (**private**)

\$8.5K

In first-year net
revenue (**public**)

Phoning For Tuition Dollars

Central Michigan Expands Phonathon's Mission To Tackle Enrollment



The Enrollment Calling Center

- 7 calling stations added
- \$130K operating budget
- All costs covered by admissions department
- Calling run off RNL software
- 6,000 calls this recruitment cycle (1/6 of total phonathon activity)

Delivering Targeted Phone Interventions



Reason Students Don't Matriculate



Calling Tactic

Started but never finished application



Walk student through application

Chose another school before depositing



Pitch CMU before decision is finalized

Neglected to finalize housing, orientation



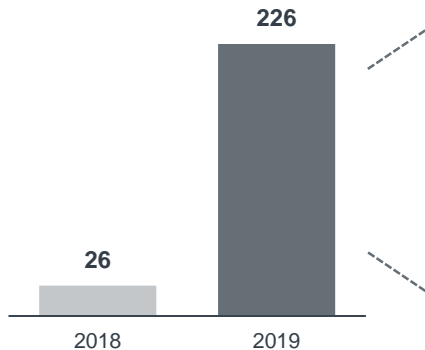
Guide through pre-arrival decisions

A High-ROI Use of the Phonathon's Time

Calling Efforts Increase Enrollments, Bolstering Financial Sustainability

Phonathon Deposits Climb...

Number of Students Placing Deposits Over the Phone



...And Recurring Revenue Grows

+120 **Additional enrollments** from phonathon projected for FY2020

\$1M In projected **first-year net revenue** from phonathon enrollments

\$90 In revenue **for each of the 11,164 calls** placed

Making Advancement A Mission-Critical Partner



Enhancing Advancement's Focus on Core Impact

Ensure Sustainable Operations



- MGO Unrestricted Revenue Metrics
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Enhance Student Outcomes



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UNIVERSITY

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Enlisting Alumni to Prevent Stop-Outs

Wayne State Mentors Help At-Risk Students Navigate Support Resources

Student Success Mentoring for At-Risk Students

When problems present, specialized training helps mentors **identify the root cause...**

...and **connect student** to support resources

25 alumni mentors **check in regularly** with at-risk students



Financial issues



Emergency aid fund,
financial aid advisors

Academic issues



Tutoring resources,
study groups

Personal issues



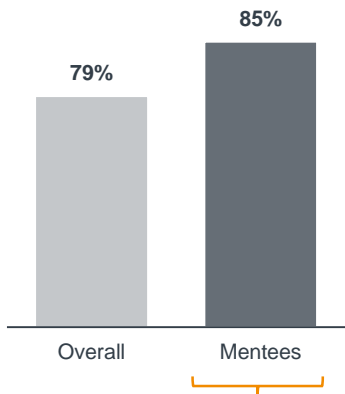
On-campus
counseling services

Bending the Curve on Retention

Mentees Are More Likely to Remain Enrolled for Their Second Year

Overperformance Among At-Risk Students

2018 First Year Retention



7% Higher first-year retention for participating at-risk students

“

“We figure that, if we give the most vulnerable students access to alumni trained in identifying situations that put the students’ studies at risk, then **those students might have a better chance of finishing their degree.** And early signs are suggesting it’s working just like that.”

*Peter Caborn
Associate Vice President for Alumni
Affairs & Advancement Services
Wayne State University*

”

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Access and Equity is Top of Mind

A Broad Set of Colleges Now Boast Marquee Cost-Reduction Initiatives

Four Initiatives to Address College Affordability



Carolina Covenant

Grants, work study for low-income students; debt-free graduation

- Launched in 2004
- 1 in 10 UNC Chapel Hill undergraduates now served



Bellarmino Guarantee

Free year of tuition if graduation takes more than 4 years

- Scholarships awarded to 100% of admitted students
- Average scholarship: \$28K



Brown Promise

No-loan aid packages for families with less than \$100K in income

- \$120 million in funding
- 8% rise in applications for the class of 2022



ALC's Tuition Guarantee

Tuition and fees covered by grants, scholarships, and work study

- Every qualified student from 108 nearby counties eligible
- Covers the cost of tuition for up to 10 semesters

Rewriting the Rules of Financial Aid

Rice University Takes Aim at Student Debt, Radically Reducing Costs

Rightsizing Aid to Income Ratios



- September 2018 public launch
- \$150M in endowed funds needed by 2025
- \$7-9M anticipated annual expenditures

Household Income	Aid Package
<\$65K	Full grant for tuition, fees, room and board
\$65K-\$130K	At least full tuition scholarship
\$130K-\$200K	At least half tuition scholarship

Qualifying students are **not required to take out any loans**

The Rice Investment Pays Off

Benefits for Admissions and Advancement Already Apparent

A Catalyst For Giving...

\$40M Total funds raised for the Rice Investment as of June 2019

...Plus An Admissions Boost

29.4% Growth in applications (from 20,923 to 27,084)

The Rice Investment Resonates

“Annual fund average gift size has gone up. That’s evidence that people are willing to give more. The other thing that was **a eureka moment was when the alumni board agreed to put forward a challenge for the Rice Investment.** There’s a lot of enthusiasm for this.”

*Darrow Zeidenstein, Former Vice President of Development and Alumni Relations
Rice University*



EAB's Peek into the Crystal Ball

What Will Be Most Unrecognizable by 2029?

Possibilities for Mission-Focused Advancement's Future



All External Functions Integrated into One Unit

Enrollment, advancement, corporate partnerships, career, fall under a single org



Big Dollar Goals Sacrificed for the 'Right' Revenue

Presidents eschew non-mission-critical gifts, focus singularly on top priorities



Advancement Measured on Revenue, Not Philanthropy

Non CASE-countable revenue from community partnerships added to performance metrics



Federal Government Passes Free College Policy

After policy change scrambles budgets, fundraisers are called to fill funding gaps

The Five Defining Challenges of the Next Decade

Advancement Leaders Must Navigate a Fraught Path into the Future

1



Maximizing **Fundraiser Efficiency**

2



Rightsizing Investments in **Digital Transformation**

3



Navigating the **Participation-Pipeline Tradeoff**

4



Scaling—and Sustaining—**Principal Gift Success**

5



Realigning **Core Mission** and Revenue Growth



Competing in Advancement's Era of Big Bets

The Five Defining Challenges of the Next Decade

Advancement Forum

Advancement Forum

Project Director

Jeff Martin

Contributing Consultants

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Maria Morrison

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