

Competing in Advancement's Era of Big Bets: *Scaling and Sustaining Principal Gifts*

The Five Defining Challenges of the Next Decade

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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

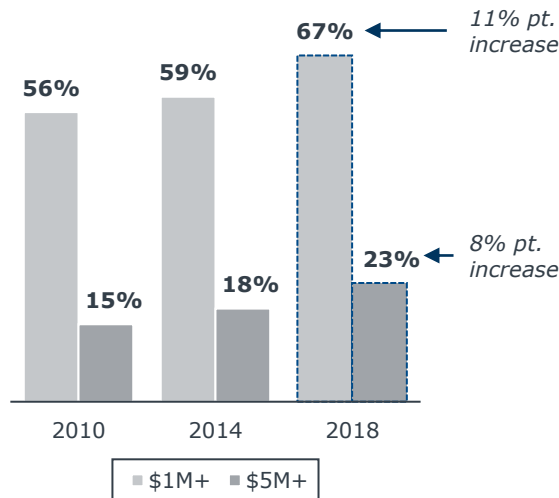
Wealthy Gain Even More Wealth

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



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



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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**

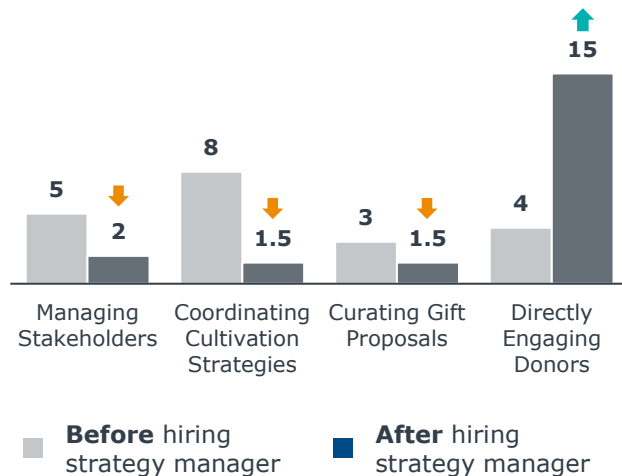
Strategy manager **puts internal pieces in place**, sets CAO up for success

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

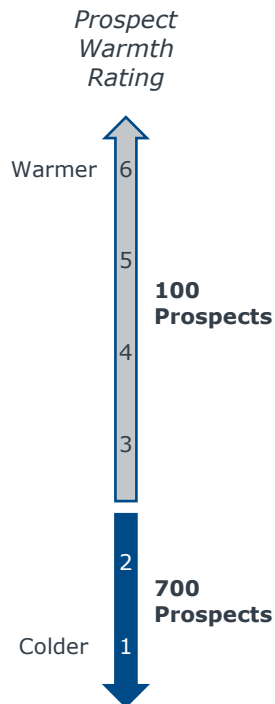
...To Working With Emerging Prospects



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

\$20M

Expected through new gifts and commitments for FY2020

“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

57% Of gifts closed by early career staff in year one

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

Stay Current with EAB's COVID-19 Resource Center

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Support your campus through the coronavirus crisis



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Stay Current with EAB's COVID-19 Resource Center

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Support your school through the coronavirus crisis

1. Bookmark these pages for the latest official information about the coronavirus
2. Use EAB research and resources to support your school's response to coronavirus
3. Reference peer policies and other guidance when developing response plans
4. Use these peer examples to help communicate coronavirus information
5. Read the coronavirus responses from the major education associations
6. Find Department of Education resources by state

2. Use EAB research and resources to support your school's response to coronavirus

Most of these resources were not created specifically for infectious disease outbreak responses. That said, many of our existing resources can complement, supplement, and inform a variety of crisis response, planning, and mitigation efforts. Explore the three topic areas below.

- NEW: Support student success during instructional disruption +
- Provide transparent and timely communication +
- Combat discriminatory responses to the coronavirus outbreak +
- Plan for potential financial and operational impact of the crisis +
- NEW: Address basic needs insecurities of impacted students +

Regional and global information hubs, relevant EAB research and resources, and responses from major education associations to help you stay up to date and make informed decisions.

EAB Support your campus through the coronavirus crisis

1. EAB's latest take on the coronavirus crisis and what it means for higher education
2. Use EAB research and resources to support your school's response to coronavirus
3. Bookmark these pages for the latest official information about the coronavirus
4. Reference peer policies and other guidance when developing response plans
5. Use these examples to help communicate coronavirus

4. Reference peer policies and other guidance when developing response plans

Remote work policies	+	Flashpoints and discrimination responses	+
Remote teaching contingency plans	+	Support for at-risk populations	+
On-campus quarantine and decontamination plans	+	Events and large group hosting	+
Study abroad and international students	+	Long-term planning and contingencies	+
Support for students' basic needs	+	Spring break policies	+

Institution-specific examples of comprehensive websites, direct communication, and social media messaging, as well as sample policies and response plans.



To Learn More:

eab.com/covid19