

SAMPLE

FUNDRAISING FOR BOARDS

A GUIDE

JAMES M. LANGLEY

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JAMES M. LANGLEY

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INTRODUCTION

The hiring and firing of presidents is too often and too glibly said to be a governing board's greatest responsibility. In fact, the board's greater responsibility is to ensure institutional relevance over time.

An institution of higher education, by definition, is an organization that serves important societal purposes over many generations. Each board "inherits" an institution from its predecessors. A good board will work hard to hand over to its successors an institution that is as relevant as the one it inherited. A great board will work even harder to hand over an even better institution. It is in that context that the firing or hiring of presidents must be placed. A president should be fired if he or she has impaired the health or relevance of the institution. A president should be hired not only as a correction on his or her predecessor but to preserve and enhance the best of that culture and excise anything that threatens to make it less relevant or less responsive to current and future generations.

One of the best ways of determining whether an institution remains relevant and responsive is by monitoring and measuring its ability to inspire high levels of moral and financial support, particularly from its graduates. Yes, a board is in the business of monitoring any number of critical functions, including:

- Enrollments
- Retention levels
- Time to degree

- Efficacy of teaching
- Evidence of faculty scholarship
- Service to society

But no institution can long afford to march to the beat of its own wishful thinking. It must **prove** it has made and is making a difference in the lives of those it teaches. Students are its reason for being. Its graduates must believe that the value of their education, over time, was far greater than the cost. Therefore, the measure that no educational institution can afford to ignore is the level of esteem in which it is held by its alumni.

If alumni hold it in high regard, not just in the abstract as a "good school," but as an institution that made an important and lasting difference in their lives, they will support it over the course of their lifetimes, giving more as their means increase. They will remain engaged in the life of the institution and feel an increasing sense of ownership toward it. They will encourage their children to attend and will advocate naturally on its behalf, constantly fueling—electronically or interpersonally—the most positive form of advertising, credible and positive word-of-mouth endorsements. The less regard in which they hold the institution, the less they will engage in these activities. No brand management, marketing or fundraising campaigns will be able to compensate for that lack of regard, no matter how much money is spent.

There is, of course, a lag between what an institution does in the present and how its value will be ultimately determined in the future. So the all-important alumni votes—be they in the form of donations of time, talent or treasure—are long in coming. Yet, no institution will be able to create or sustain a culture of philanthropy without the enduring support of its alumni.

And no institution can become great or maintain—much less enhance—its greatness without building a culture of philanthropy.

While educational institutions secure support from multiple sources including foundations, corporations, and friends, alumni support is the most important to monitor and encourage. Why? Here are three key reasons:

1. Of the more than \$330 billion dollars contributed annually in recent years in the name of philanthropy and charity, 74% comes from individuals. Another 4–5% comes from individuals giving through family foundations. Therefore, the largest source of support available to any fundraising organization is the philanthropic individual.
2. Further, the individual who gives to an institution for a decade or more is the most apt to give the largest current and estate gifts.
3. Finally, giving is personal and experiential; we give to those organizations that have had a personal impact on us and/or speak to our most deeply held values.

For all these reasons, alumni should be the most readily available source of support to educational institutions. No other constituency has more directly benefited from them. A lack of alumni support suggests the waning relevance of an institution, something that no board should ignore.

The fact that alumni support, at a national level, has been in decline for twenty straight years should be of great

concern to all colleges and universities, This declining support should be of enormous concern to the boards of colleges and universities so afflicted. Yet, too many have been content with reports from presidents and advancement leaders trumpeting “dollars up” while acknowledging, sotto voce, “donors down.”

The reliance on fewer and fewer donors, especially long-term supporters who graduated before 1975, betokens more difficult days ahead.

Higher education is running out of the kind of supporters who have so consistently given to provide the margin of institutional excellence.

If we can't create the conditions to convert alumni into lifelong supporters, what does that say about the efficacy and relevance of our institution? Board members should say to themselves and each other, “We are in danger of becoming the generation of leaders that allowed our most generous and sustainable source of private support slip away. A generation that provided our highest levels of support is aging and only one-third of the generation that has followed them sees higher education as a worthy philanthropic recipient. How did this happen and what can we do to reverse the trend?”

Board members cannot afford to ignore issues of waning student appreciation and alumni affiliation. There is little point in throwing ever-larger amounts of money at the fundraising enterprise if those issues are not addressed. Indeed, these issues are a sign of the loss of institutional relevance.

The purpose of this book is to explore these patterns and trends, suggest how the most deleterious of these can be

reversed, and discuss how the most positive patterns and trends can be enhanced. Without a full understanding of the conditions that create and promote philanthropy over time, boards will be in the position of trying to understand tactics and strategies that are out of context. In such cases, expenditures in the advancement operation will not produce anything close to the optimal rate of return. In the following pages, we will explore the context in which fundraising success occurs and then pursue tactics that enhance that success.

This book is intended to provide a firm and factual context that will allow board members and those that work with them to understand how they can play a more vital and strategic role in building, maintaining and enhancing a culture of philanthropy. In so doing, they can help ensure and enhance institutional relevance and enduring societal impact well beyond their term of service.

What Non-Governing Boards Can Gain from This Book

While this book was written with governing boards in mind, many of the same principles and purposes apply to foundation boards, a means by which many public universities seek to secure, manage, and disburse private funds. They play an invaluable role in defining and advancing institutional purposes even though they do not direct concerns themselves with the governing of an institution.

In addition, many of the proposed duties in this book would constitute a good use of time for those who are recruited to advisory boards, including those empaneled by presidents, deans, athletic directors, and others.

CHAPTER 1: WHAT EVERY BOARD MEMBER SHOULD KNOW ABOUT BUILDING A CULTURE OF PHILANTHROPY

“The great enemy of the truth is very often not the deliberate, contrived, and dishonest—but the myth: persistent, persuasive, and unrealistic. Too often we hold fast to the clichés of our forebears. We subject all facts to a prefabricated set of interpretations. We enjoy the comfort of opinion without the discomfort of thought. Mythology distracts us everywhere—in government as in business, in politics as in economics, in foreign affairs as in domestic affairs.”

JFK, Yale Commencement, 1962

There are any number of myths and misperceptions about fundraising. Some arise out of wishful thinking. Some are cultivated by fundraisers for their own aggrandizement. Some are due to board members, senior administrators and other who assume there’s a large number of ready, willing, and able donors out

there who are just waiting to be asked. Understanding the origin of these myths is less important than realizing how they have shaped certain practices and, ironically, how those practices have undercut the ability of educational institutions to build more philanthropic cultures.

The greatest of those myths is that philanthropic cultures are built through assiduous fundraising. This myth confuses cause and effect. The ability to raise vast sums of money in any culture is in direct proportion to the number of people who feel obligated or motivated to contribute to the betterment of society. If there were not such a widespread obligation or motivation, few would be receptive to fundraising requests. The culture makes fundraising possible, but fundraising doesn't create philanthropy any more than an artesian well creates an aquifer; it merely taps into it. Anything tapped into for too long can become tapped out. Anything tapped into too maladroitly will be eclipsed by more sophisticated and ecologically sustainable methods.

What causes an alumnus to feel obligated to his or her alma mater or to even consider a fundraising request? With the benefit of the testimony and records of tens of thousands of alumni across many decades and many institutions, we see three powerful factors:

- Appreciation
- Affiliation
- Agency

Let us explore each and then see how a deeper understanding of their inter-dynamics can prove to be

an invaluable asset to a board seeking to cement and sustain institutional relevance.

Appreciation

Appreciation, according to the testimony of consistently generous alumni, arises from the broad belief that the value of their education over time greatly exceeded what they paid for it. It is also founded on an alum's undying gratitude to a few professors (and sometimes coaches) who, by virtue of personal interventions undertaken when the alumnus was a student, caused him or her to realize his or her potential. Such alumni often speak most appreciatively of demanding and exacting professors, sometimes ones who issued failing grades, because of the competencies they inculcated—and the difference those competencies made over time.

A Gallup poll (released May 2014) which studied 30,000 subjects over 30 years concluded, “Those who measured the very highest levels of fulfillment did not attend the nation's most prestigious schools but those who forged meaningful connections with professors or mentors, and made significant investments in long-term academic projects and extracurricular activities.”

Furthermore, those who felt “emotionally supported” at school by a professor or mentor were three times as likely to report they thrived as adults. Graduates who reported having “experiential and deep learning” were twice as likely to be engaged at work as those who didn't. It is this kind of meaningful connections and deep learning experiences that are cited frequently by generous and loyal alumni as the major reason for their lifelong support of their alma mater.

Fascinatingly enough, alumni who worked on a campus when they were students are far more apt to express philanthropic appreciation than those who received high-end scholarships or “full rides.” Indeed, the recipients of particularly prestigious scholarships are far less likely to give back, even to the scholarship programs that once sponsored them. Other factors that deepened their appreciation, such as generous alumni say, included rituals that moved them emotionally (primarily freshman convocation and commencement), traditions that spanned the generations, and the feeling of being a member of a distinct or distinguished community. Indeed, the colleges and universities that engender the highest levels of alumni participation, year in and year out, provide these experiences.

I conducted follow-up analysis on the U.S. News and World Report ranking (see the table on page 11) by interviewing the advancement leaders and/or annual fund directors at those institutions and asking them what their alumni cited as the most common reasons for alumni loyalty. The most common denominators were:

- Rich teaching traditions, accessible faculty
- A palpable sense of community, belonging, mattering, shared purpose, rituals
- Continuity of purpose, leadership
- Absence of divisive crisis or lingering controversy
- Sustaining the compact for alumni
- Value exceeded cost

FUNDRAISING FOR BOARDS: A GUIDE

| School name (state) | Average % of alumni who donate | U.S. News rank and category |
|--------------------------------|--------------------------------|------------------------------------|
| Thomas Aquinas College (CA) | 63.7 | 61, National Liberal Arts Colleges |
| Princeton University (NJ) | 62.4 | 1, National Universities |
| Williams College (MA) | 58.3 | 1, National Liberal Arts Colleges |
| Carleton College (MN) | 56.6 | 7, National Liberal Arts Colleges |
| Amherst College (MA) | 56.4 | 2, National Liberal Arts Colleges |
| Middlebury College (VT) | 53.7 | 4, National Liberal Arts Colleges |
| Bowdoin College (ME) | 52.3 | 4, National Liberal Arts Colleges |
| College of the Holy Cross (MA) | 52 | 25, National Liberal Arts Colleges |
| Bates College (ME) | 51.9 | 22, National Liberal Arts Colleges |
| Centre College (KY) | 51.8 | 49, National Liberal Arts Colleges |

The ranking table on page 12 was produced by U.S. News and World Report in 2013 and lists the institutions that attract the highest level of alumni support and that have therefore engendered the highest levels of appreciation.

Affiliation

Affiliation, or remaining actively engaged with one's alma mater after graduation, when added to appreciation, greatly increases the likelihood of an alumnus giving over the decades. Early affiliation in the years immediately following graduation is especially influential in shaping longer philanthropic patterns. The ardor of even the most appreciative alums can dim with the passing of time and in the absence of affiliation. And, as we have learned in an extensive study of thousands of alumni across about 100 institutions, conducted by the Collaborative Innovation Network for Engagement and Giving, even appreciative alumni fall away when they begin to feel that their alma mater "does little to reach out to me beyond asking for money."

What generous alumni want from their colleges and universities is very similar to what students want—the ability to continue to learn from and with exceptional faculty members and talented peers. They are not interested in affiliating with their alumni association if it does not meet those desires. The form of affiliation that correlates most positively to the highest levels of giving is volunteer work. According to a study done by the Fidelity Charitable Gift Fund and VolunteerWorks, volunteers give ten times more than donors who do not volunteer. Donor analyses done within many institutions of higher learning have confirmed this fact. "Time, talent, and treasure" is not just an appealing alliterative phrase; it is a sequential strategy. The key is finding a worthy outlet for the talents

of our best prospects, and time and treasure will follow. We value most what we invest the most sweat equity in. If we look at all the gifts given to higher education in recent years, we see that those who give \$1 million or more, have been affiliated with that institution, on average, for fifteen years. For all the chatter about fundraising gimmicks or hiring the most aggressive fundraisers, the patterns of philanthropic giving are slow in forming but more certain and productive if we understand and reinforce them.

Agency

Agency, one of the most overlooked elements of enduring philanthropic compacts, is in the mind of a sustaining donor. It is the belief that he or she is not just giving to his or her college or university, but also through it to create a better world. That better world can be broadly conceived, such as believing that one's alma mater serves the purposes of democracy by widening the circle of opportunity or serving as an engine of upward mobility. Or it can be narrowly interpreted, as is the case of an accounting alumnae, who, let's say, believes her alma mater is having a disproportionately positive impact on professional practice in that field.

That element of agency, generally in combination with appreciation and affiliation, explains why alumni give remarkably generous gifts to colleges and universities with the largest endowments. We often hear the incredulous outside observer of this phenomenon ask, "Why on earth would anyone give so much to a university that has billions of dollars in endowment? They don't need the money!"

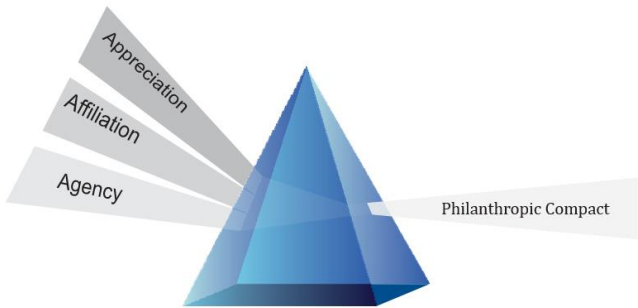
The reality is that need is not a driving factor in the most significant philanthropic commitments.

If, for instance, you lost a loved one to a terrible disease and, as a result, became passionately motivated to exercise your full philanthropic resources to help others so afflicted, you would not give to the medical center or research institution that most needed the money, but rather to the one that had the greatest potential to rid the world of that dreaded disease. In fact, over emphasizing basic needs—such as a college charging over \$35,000 in tuition while arguing it needs contributions to its annual fund “to keep the lights on”—undercuts an institution’s larger philanthropic appeal. Therein lies the difference, in the minds of donors, between charity and philanthropy. Charity is something we give as an empathetic response to human need; philanthropy is an investment in a better way of life. And that which is given in the name of philanthropy every year dwarfs that given in the name of charity. Agency, therefore, is not about the margin of survival; it is, instead, about the margin of excellence. It is about demonstrating how philanthropic investment can take an institution, or some critical part of it, from good to great.

| Charity | Philanthropy |
|--|--|
| Something we give as an empathetic response to human need. | An investment in a better way of life. |

Appreciation, affiliation, and agency work in combination in the framing of philanthropic compacts. While it would be ideal to have all three in equal measure, rarely is that the case. Some alumni are so appreciative of the attention they received that they give back for decades without being deeply affiliated and by assuming the agency of the alma mater is to do for others what it did for them. But these

alumni are increasingly few, and many of them give loyally but very modestly. Some donors are not deeply enamored of their student experience but, because they have been effectively engaged by the institution and shown how to give through their alma mater to realize outcomes that resonate with their value system, give generously to specific initiatives. Some donors give to institutions they never attended for the same reasons. Parents derive appreciation from their child's experience but tend to affiliate and give only as long as that child is enrolled. Foundations and corporations give to achieve specific purposes. For foundations, those purposes are about certain societal impacts while corporations give to realize corporate objectives. Still, most foundations and corporations give their largest gifts and grants to institutions with which they have been affiliated the longest.



The Appreciation, Affiliation, Agency Prism

Board members need to understand the “appreciation, affiliation, agency” prism when considering the data they are presented by presidents, vice presidents for advancement, or campaign consultants. It is relatively easy to run a long list of names through various screening devices, declare them prospects, assign them capacity rankings, and tier them in impressive gift pyramids; it is difficult,

however, to get anything close to their capacity rankings if these pyramided prospects:

- Don't have some residual appreciation for the institution.
- Have not been affiliated in a productive way.
- Don't see giving to your institution as the best way to convert their investment to the societal impacts they believe are most important to achieve.

Fundraising exercises based only on “analytics” that do not take philanthropic behaviors into account will cause institutions to expend too much money for too little return.

The “appreciation, affiliation, agency” prism should also help board members understand that these phenomena are experienced by different people in different ways depending on their socioeconomics, family values, and personality types. This is why one-size-fits-all approaches to fundraising, including campaigns to get everyone to give \$5 or the equivalent of a latte each month just don't work. It is far better to understand and tailor your fundraising efforts to the degree to which key constituents, particularly alumni, feel appreciative of, feel affiliated with, and believe in the agency of their alma mater.

Fundraising is essential to maintaining and extending institutional relevance over time, but too many boards simply monitor giving totals as they are posted, then offer their praise or criticism. They spend too little time probing the issue to determine whether the institution is becoming more or less relevant to its most critical constituents, including those with the greatest capacities and inclinations to give. Perhaps this is because of the prevalence of

successful campaigns and assumption that philanthropic support is there for the asking. Perhaps it is because their institution enjoyed increasing philanthropic success in the past and it is assumed they will do so again as if nothing had changed. Yet, so much has. Understanding where and how the philanthropic landscape has changed will help board members better understand how to support and evaluate their current and future fundraising aspirations.

What's Changed?

The Evolving Value Proposition of Higher Education

The greatest change in higher education in the past generation has been the cost. For four-year institutions, tuition has increased by 440% in the past thirty years (according to the Demos report *The State of Young America*). The purpose of this book is not to explain or excoriate those increases but to acknowledge their impact on alumni giving—which has been significant.

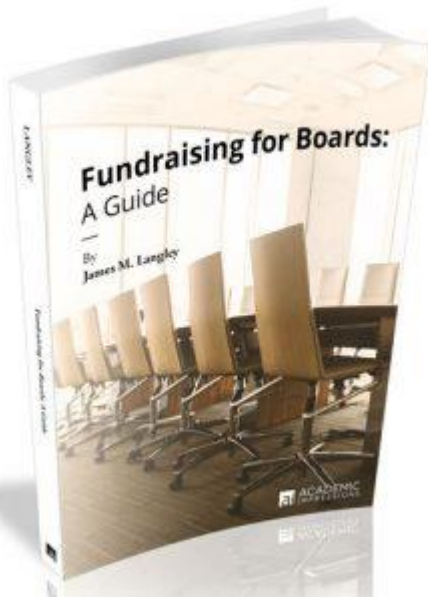
A seminal study of alumni giving conducted in 2010 by Cindy Cox Roman of WIT consulting, underscored the depth of that impact. When thousands of alumni from some of the nation's most distinguished institutions were asked why they weren't giving, or giving more, to their alma maters, the most common response, and by a wide margin, was, "I feel I've paid enough already in tuition." This was true of every age group except those over 65.

To understand the growing prevalence of this attitude, consider that these increases were occurring when:

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We hope you have enjoyed this complimentary sample from *Fundraising for Boards*.

You can purchase the entire book [here](https://www.academicimpressions.com/product/fundraising-boards-guide/).



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