The Role of the Leader in Development

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From Ivory Tower to Glass House:
Strategies for Academic Leaders During Turbulent Times
(Please see Chapters 6 and 7)

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Frequently asked questions:

How do I...

1. convince donors to prioritize higher ed?
2. respond to typical donor reactions?
3. build a compelling case for my unit?
4. make an artful ask & create a joyful donor?
5. ever find time for a vacation?
Growing importance of emerging economies

Global dynamics

Digital Transformation

Cost and student debt

Challenges and value of higher education

Value of a college degree

Public support waning

Research contributions

Explain why donors should care
Typical donor reactions

- So, lobby the state for more funding
- Become more efficient
  - Cost at publics increased by only 1% > CPI in last 10 yrs
- Increase tech transfer
  - Costly and low probability of significant revenue
- Use distance education
- Development is costly; philanthropy can help
So what should universities do?

Response:
- Universities are becoming more financially self-reliant.
Changing funding sources: UC Irvine

**2002-03**
- Hospital
- State Support
- Research
- Tuition/Fees
- Philanthropy

**2012-13**
- Hospital
- Tuition/Fees
- Research
- State Support
- Philanthropy
Transforming higher education model

- A new paradigm
  - Competitive positioning strategy
  - Maintain academic values
  - But less like an ivory tower
  - More externally focused
  - Sustainable-funding plan

A well-positioned financially self-reliant strategy will define the university of the future.

Philanthropy plays a key role in the transition.
The role of the leader

- The leader in.....
  - building the case
  - developing vision/mission, financial strategy
  - directing and coordinating the team
  - working with constituents to set priorities
  - managing internal expectations
  - giving credit to others for success
  - taking the blame if something doesn’t work
Building the case

First principle:

- If no one is behind you, how can you lead?
- If you are not happy inside your unit, how can you be happy outside?
Strategic planning and alignment

- Develop Vision and Mission
- Identify priorities
  - Internal alignment
  - Avoid "free agents"
- Develop financial strategy

- **If you don’t have a financial plan...**
  ...you don’t have a strategic plan
Presenting your case

Is this statement compelling?

“We need faculty chairs, student scholarships and discretionary funds.”
An alternative: a dep’t in Biology

“OUR vision is to cure disease.”

Our stem cell faculty have developed methods used in emergency rooms to prevent a type of spinal paralysis due to injury.

“We are on the verge of potential cures for liver and other cancers; we may also be able to help Alzheimer’s and diabetes patients.”

“Support for 3 endowed chairs and 3 post-docs can allow us to speed the discovery process.”
Growing importance of emerging economies

Global Dynamics
- Global strategy;
- Center for Global Leadership;
- Global partners

Digital Transformation
- Digitization of curriculum;
- Online programs;
- Center for Digital Transformation

Public support waning
- The School is becoming financially self-reliant

Changing Demographics

Center for Health Care Policy & Mgmt;
Center for Investment & Wealth Mgmt

Joint research & programs:
- Engineering Mgmt;
- Biotech Mgmt;
- MDMBA, JDMBA, BIM, minor

Presenting your case
# College Ten Year Financial Strategy

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<th>University funded</th>
<th>Self-funded</th>
<th>Donor funded</th>
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<td>2.0</td>
<td>1.25</td>
<td>2.75</td>
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</table>
A development plan flows directly from the mission and financial strategy;

it is **NOT** an independent list of needs.
Key factors

- Organizing the team
- External relations strategy
- The annual fund
- The cycle of successful development
- Challenges
The “Team” can be everyone

- President (chief development officer)
- Head of the Foundation
- Deans, Chairs, Center Directors
- Development Officers
- External relations staff
- Faculty, staff, students, alumni
- External Advisory Board members
- Recipients of support
- Current and past donors
The Development Officer

-Assists with:
  • what local events to attend
  • who to meet with
  • preparing leader for donor visits
  • how to ask
  • expressing gratitude
  • travel priorities
Organizing: Quarterly Meetings

- **Who?**
  - Leader, development officers, external relations
  - (more frequent w/o leader)

- **Why?**
  - Alignment
  - Review major prospects
  - Plan strategy/events
  - Articulate the case for giving
External relations

- Creating a positive atmosphere for giving
  - Active website and social media
  - Published materials still important
  - Media hits and accomplishments
  - Major gift announcements

- Pro-active: ready for damage control
External relations

- Develop a strategy for each group
  - Donors
  - Alumni
  - Students and parents
  - Faculty and staff
  - Media
  - Other units on the campus
  - Local community
  - Peer academic units & societies
  - Advisory boards, Regents
External Advisory Board

- Who should be invited to join?
  - Potential donors
  - Doers

- Should you require an annual donation?

Please see Chapter 6
Meetings of the External Board

- **Purpose**
  1. Develop relationships, trust, and support
  2. Obtain input
  3. If you done well, donations follow
    1. Example-Paul C

- **Do not force board members into a listening mode!!!**
For donors of $25,000 or more:

- **75%**: initially gave **$250 or less**
- **83%**: smaller annual gifts for **> 5yrs**
- Almost **60%** for **at least 11 yrs**
Individual donors most important

2012 contributions: $316.23 billion by source of contributions
(in billions of dollars - all figures are rounded)

- Individuals: 72%
- Corporations: 16%
- Foundations: 6%
- Bequests: 6%
- Individuals: 72%

Annual fund logistics

- >1/3 of giving happens in last 3 months
- >17% occurs in December

- Telethon:
  - poorly trained callers do damage

- Website and social media
Annual fund strategy

- From cradle to...
  - ...endowment
- Annual events, awards, mentors, network
- Keep in Touch
  - Establish custom of giving
  - Example:
    - Dean’s Leadership Circle
Example: Dean’s Leadership Circle

- **Goals:**
  - Engage alumni
  - Networking events
  - Channel for inputs to college’s strategy
  - Build pipeline for major gifts
The Dean’s Leadership Circle:
The Paul Merage School of Business

- After 6 years:
  - ~ 300 members
  - > $5,000,000 pledged
  - named classroom
  - scholarships & flexible funds
  - endowed professorship
  - $1.5 million
  - named auditorium
  - $3 million
Successful development

(Don Gray)

The Mystical Mingling

of

A Joyful Giver

An Artful Asker

and

A Grateful Recipient
Steps in the development process

- Identification
  - Team effort
  - Background research
  - Alumni events
  - Potential donors everywhere
    - You must always be “on”
Creating the joyful donor

- Meeting
  1. Triple “L” strategy
  2. LISTEN, LISTEN, LISTEN
      ...and then....
  3. LEAD the conversation
     - SEEK a mutual interest
     - donor’s passion and your vision

Excessive talk on the part of the university rarely results in successful development.
Involving the individual

- **Arrange visit to campus**
  - **Orchestrate the visit**
    - Faculty member and student chaperone
    - Give a lecture or attend an event

- Follow up with personal note, phone call
  - Ask to host an event, join advisory board
  - Consider for distinguished alumnus award
Making the artful ask

- Best outcome of cultivation phase:
  - “How can I help?”
  - A natural outcome of...
    - an exciting V/M
    - a passionate leader
    - a convincing financial strategy
    - Eg: Center for Real Estate

Asking too quickly takes away the joy and pride a donor feels when offering to help rather than being asked to help.
Making the artful ask

- Development officer and leader rehearse
- Written proposal should
  - be consistent with Vision/Mission
  - identify several funding options
  - not bypass internal process
Ultimate (once in a lifetime) gifts

- Combination of giving methods
- Team effort
- Total commitment to mission
- Long, emotional relationship
- Donor’s family involved
- Often involves major naming opportunity
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- MBA from UC Berkeley
- Chef America
- Hot Pockets
- Sold to Nestle
- Three Family Foundations
Paul Merage

- ~15 meaningful interactions
- Chancellor/President involved
Expressing gratitude

- Congratulations – the gift is in!!
  - So you are done.
  - You are just beginning

- Type of recognition varies
  - depends on donor’s wishes

- Examples:
  - David
  - Roy
Challenges

- Details, details, details
  - Why donors get upset
- Temptation to accept any gift
  - Is it consistent with vision?
  - Is it large enough to get the job done?
    - Does the gift fill an existing hole or dig a new one?
      - Avoid “the gift that keeps on taking”
- Funding items donors find unappealing
- Invasive donors
- Two donors, one naming opportunity
- Ethics
Thank you!