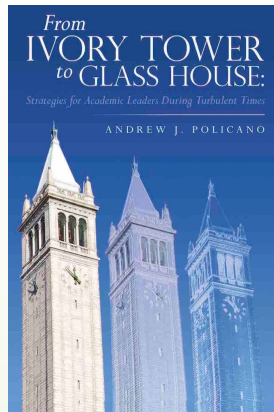


The Art and Science of Development

Andrew J Policano



Chapters 6 and 7

How many folks here have had experience raising funds?



You are a newly appointed dean

- ▶ You would like to begin implementing a development strategy
- ▶ What initial actions should you take?
- ▶ Discuss at your table for five minutes
 - ▶ Identify three actions



Initial steps

- First principle:

Internal before external

- Assess faculty, staff and student morale
- If no one is behind you, how can you lead?
- If you are not happy inside the college,...
how can you be happy outside?

Initial steps: financial strategy

- Assess financial strategy and development goals
- Financial strategy derives from strategic plan
- Revise vision/mission with all constituents
 - Seek alignment: avoid “free agents”
 - Identify priorities
 - Assess cost and funding sources
 - The outcome is your financial strategy



*If you don't have a financial plan,
you don't have a strategic plan.*

Priorities from Vision and Mission

- To achieve our vision we will need
 - Additional faculty, faculty chairs, staff
 - Scholarships
 - Research support
 - Other



Example: School Ten-Year Financial Strategy

(in millions)	Add'l annual expense	University funded	Self-funded	Donor funded
Increase faculty	2.0	1.0	.75	.25
New faculty chairs	1.0	0	0	1.0
Post-docs	.5	0	.25	.25
Doctoral students	.5	0	0	1.0
Lab equipment	1.5	.75	.25	0
Staff and other	.5	.25	0	.25
Totals	6.0	2.0	1.25	2.75

Initial steps: Development Plan

*A development plan is not
an independent list of needs.*

*Fundraising priorities should flow directly
from the vision, mission and financial strategy.*



Initial steps

- Assess pool of potential donors
 - Are the development goals realistic?
- Assess recent development experience
 - Read memoranda of agreement for major gifts!
 - Steward key donors
- Create a path to your goal

Create a Path to Your Goal

- Specifics depend on donor base
- Goal = \$2.75m/year
 - Would require an endowment of ~\$60 million
 - Or set following goals:
 - \$1m per year in annual donations
 - ~\$38m in an endowment
 - 5 - 7 endowed chairs at \$2 million
 - 1 - 2 named Centers at \$10 million
 - 5 - 7 endowed scholarships at \$500K
 - Endow the deanship at \$5 million



Initial steps: Assess infrastructure

- Is current staffing sufficient?
- 

Staffing

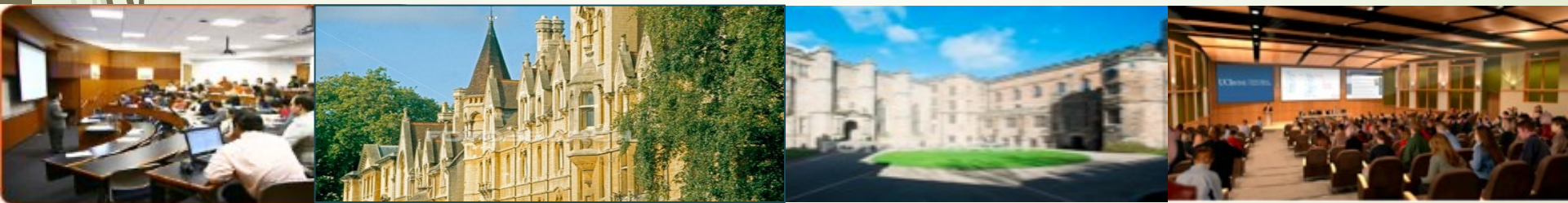
- Gift needs
 - Over ten years
 - About 15 gifts of \$500K or more
 - Each year
 - 1 to 2 gifts of \$500K or more
 - About 30 gifts of \$25K
 - Many smaller gifts
- The Math of Major Gifts
 - 3 to 5 prospects per major gift
 - 9 meaningful contacts
 - Each DO can steward 70-100 donors
 - 32 major gifts/year
 - About 100 to 150 prospects
 - 1.5 FTE (DO)
 - Support staff

The Role of the Dean

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

Key Considerations

- Creating a positive atmosphere for giving
- Organizing the team
- External relations strategy-working with a board
- The annual fund
- The cycle of successful development
- Challenges




Create a Positive Atmosphere for Giving

- Public Relations/Marketing/Social Media
 - Translate the academy for a lay audience
 - Active web site, media hits, gift announcements



- Pro-active: be ready for damage control

The Team

- Everyone can play a role
 - Chancellor (chief development officer)
 - Head of the foundation
 - **Dean**
 - **Development officers**
 - **External relations staff**
 - Faculty, staff, students, alumni
 - External Advisory Board members
 - Donors
 - Recipients of support
- 
- The Primary Team

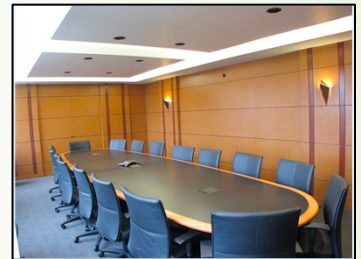
The Development Officer (DO)

- Assists with:
 - what local events to attend
 - who to meet with
 - what letter to write & what to say
 - travel priorities
 - preparing dean for donor visits
- Makes smaller asks, assists with major asks

Organizing the Primary Team

- Regular meetings with
 - Dean, development officers, external relations staff

- Why?
 - Review major prospects
 - Plan strategy/events
 - Articulate the case for giving
 - Work together on gaps
 - Measurable goals and outcomes



How will we get there?

Create a pyramid

Building a broad
base of
potential donors



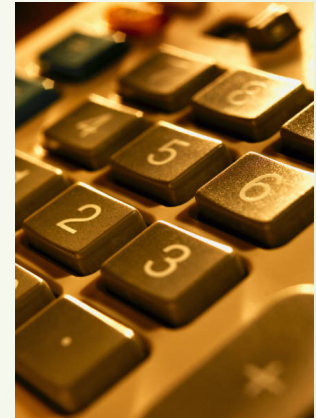
The Bottom of the Pyramid: the Annual Fund

- Donors who made a gift of \$25,000 or more
 - 75% initially gave \leq \$250 to annual fund
 - 83% made small annual fund donations for at least 5 yrs
 - almost 60% for at least 11 years



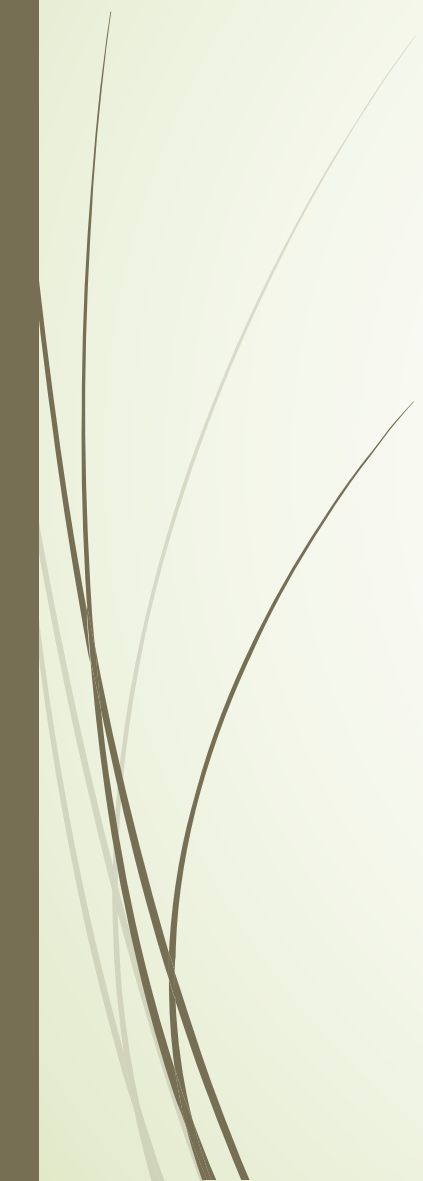
The Annual Fund

- The Annual Fund is a *Living Endowment*
 - \$250K/yr equates to an endowment of \$5–6m
- Logistics:
 - > 1/3 of giving happens in last 3 months
 - > 17% occurs in December
 - Social media campaign
 - Still, a telethon can be effective
 - But, poorly trained callers do damage





Annual Fund Strategy

- Events, awards, mentors, network
 - Keep in touch
 - Create a custom of giving
- 



Make it easy to give!

- How would you make a donation to your department or school?
- 

Membership Groups: The Dean's Leadership Circle

- Goals:
 - Engage alumni in a significant way
 - Provide networking events
 - Channel for inputs to college's strategy
 - Build the pipeline for major gifts
 - Exec Comm meets with Dean

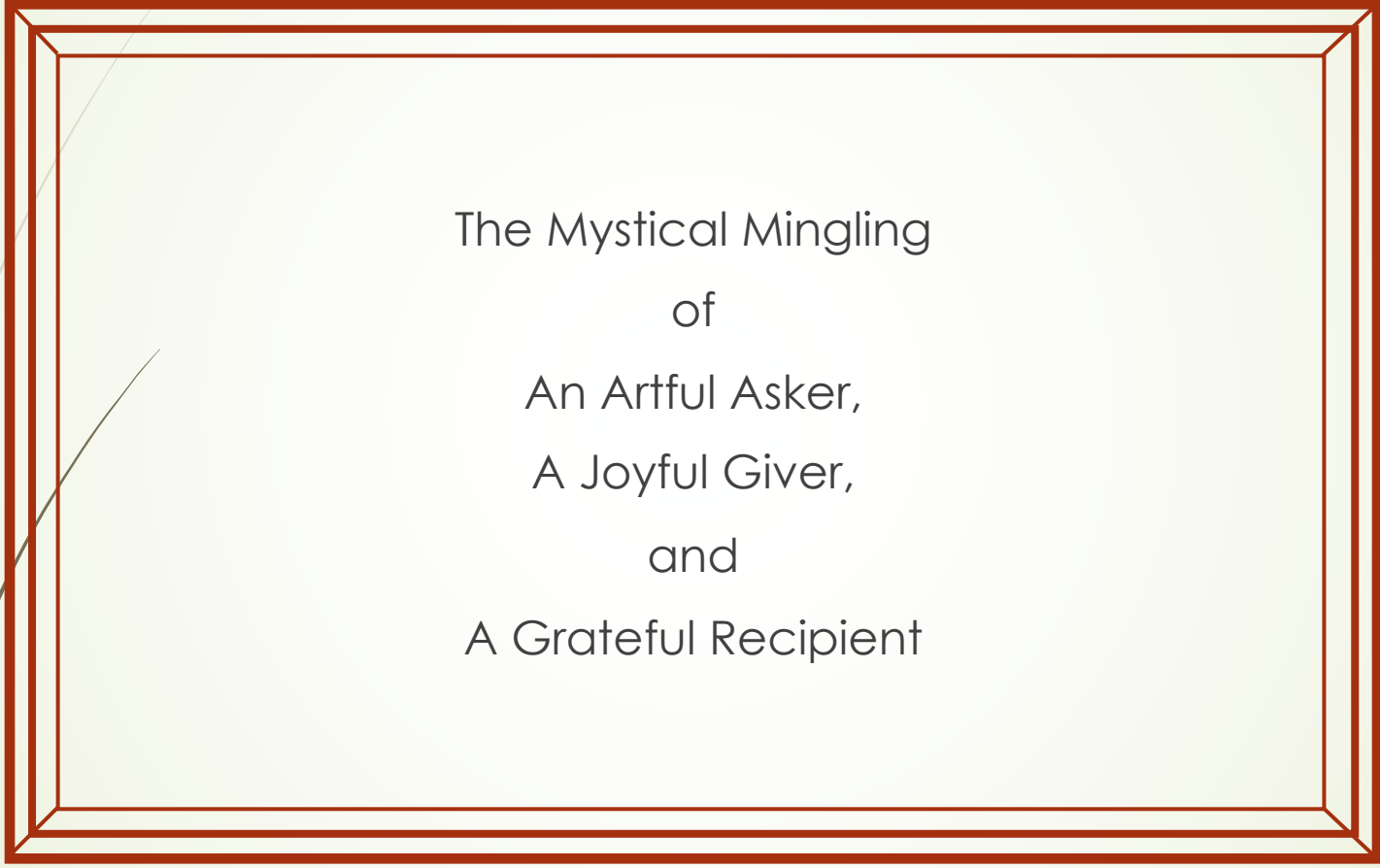


The Dean's Leadership Circle

- Grew to over 400 members
- Over 10 years, > \$8 million
 - Named
 - Study room and Classroom
 - Dean's Suite
 - Auditorium seats, Terrace
 - Endowed Professorship
 - Scholarships and flexible fund
 - Cautions:
 - Every donor is important
 - Stewardship takes time



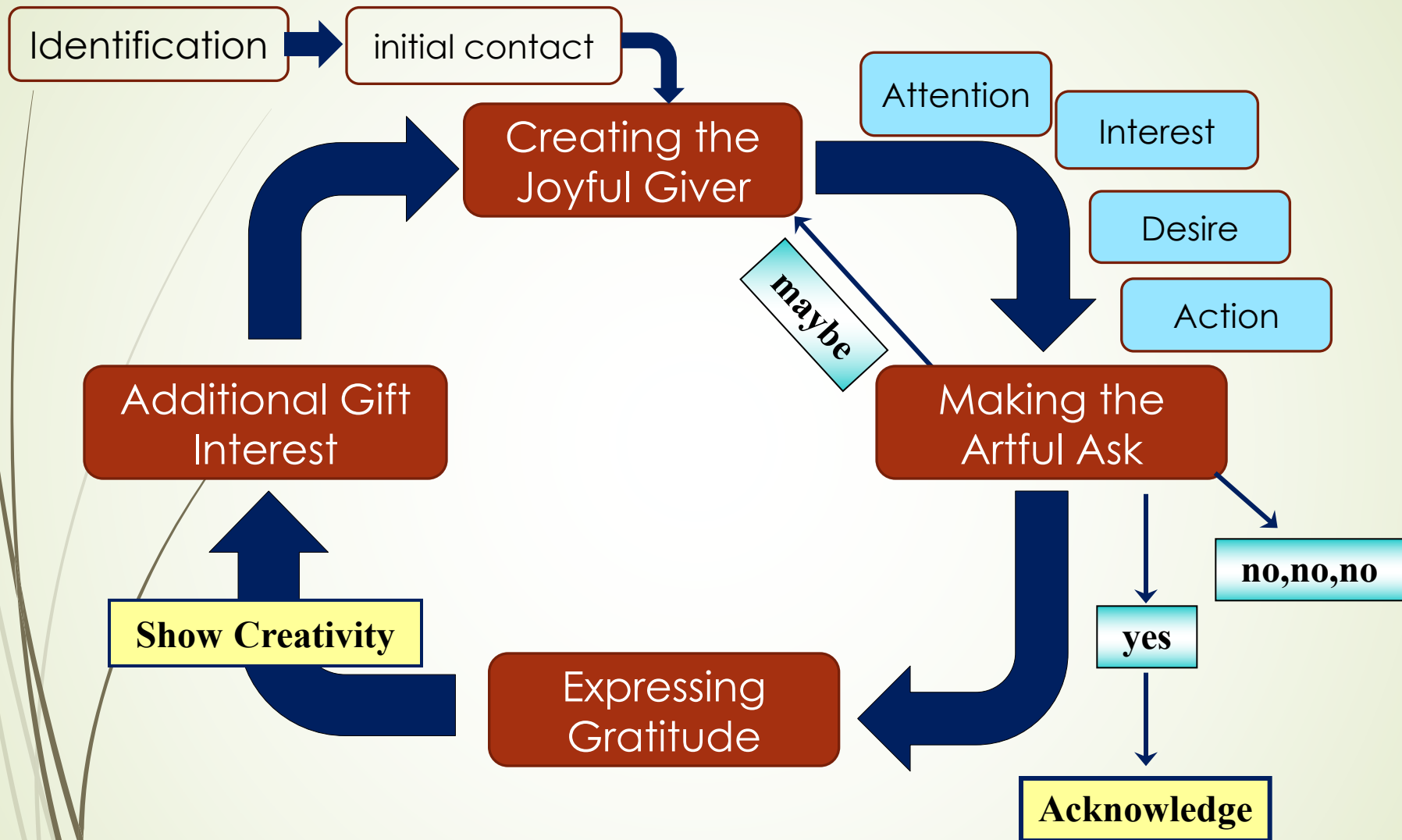
Creating a Joyful Donor



The Mystical Mingling
of
An Artful Asker,
A Joyful Giver,
and
A Grateful Recipient



The Cycle of Successful Development





The Donor's Perspective

- What donor's seek
 - 78% want their gift to have a long-term benefit to society
 - 79% want direct engagement with the organization
 - They want to help solve problems

Building the Case

- Mission: to educate the next generation of leaders
- Vision: to be a top twenty school
- *“We need faculty chairs, student scholarships, and discretionary funds to accomplish these goals.”*
- In other words, support our Ivory Tower

Is this compelling?



An Alternative

*“Our goal is a planet without disease,
that is sustainable and diverse
with renewable bio fuels and sufficient food
for all its people.”*

(Dean Frank LaFerla, School of Biological Sciences, UCIrvine)

Possible next statements:

- *We are on the verge of discovery to better treat and possibly cure XXX.*
- *Support for YYY would greatly enhance our ability to do so.*



Identification



- Team effort
- Foundation/DO do background research
- Alumni events
- Potential donors everywhere
 - You must always be “on”

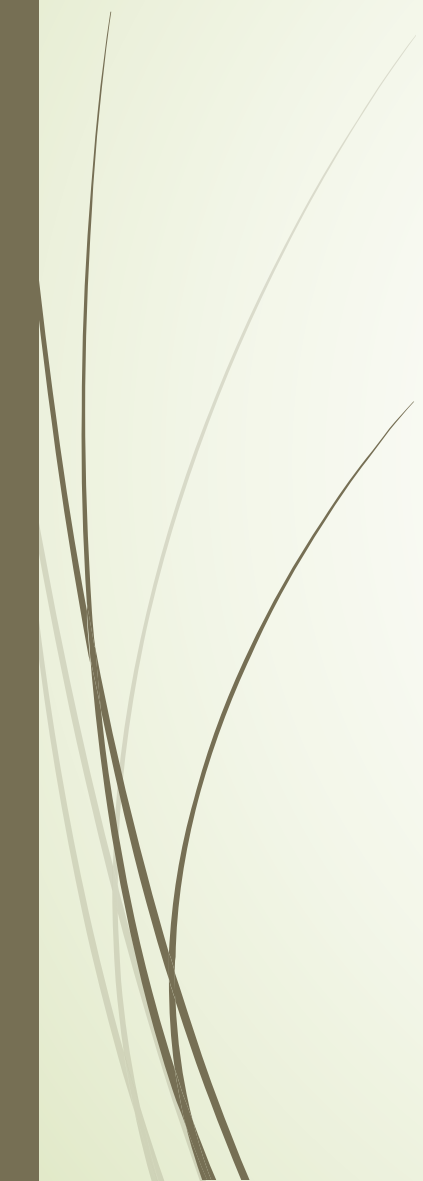


Preparing for the First Visit

- Development officer researches the donor's
 - History, family and education
 - Previous giving
 - Passions, hobbies and interests
- DO and dean discuss how the visit should proceed



Goals of Introductory Phase

- 
- You must earn the right to ask
 - Understand the donor
 - Get the person involved!
 - Be creative
 - Primary methods:
 - Volunteering, 1 on 1 meetings, special events, board membership
 - Arrange visit to campus, mentoring, teaching



Exercise

- Three individuals
 - Dean, DO, prospective donor
- The exercise: three steps
 - Five minutes: DO and Donor
 - DO “researches” background of donor
 - Normally done without donor's involvement
 - Today, DO should just interview donor
 - Five minutes: DO and Dean
 - Review how to approach donor
 - Opening conversation
 - Elevator speech on vision and mission and priorities
 - Possible next steps
 - Ten minutes: DO and Dean meet with donor



Exercise



1. The prospective donor's role

1. Evaluate the following:

1. Is the vision/mission compelling?
2. Is it clear how funding the priority will help fulfill the mission?
3. Is the priority something you would fund relative to your other philanthropic interests?
4. Are you interested enough to continue to engage with the unit?

Creating the Joyful Donor: Cultivation

- Visiting the donor:
 - Gaining the donor's confidence
 - The "Triple L Strategy:"
 1. LISTEN, LISTEN, LISTEN
...and then...
 2. LISTEN some more...
 3. LEAD the conversation
 - Find the intersection between the donor's interests and mission/priorities
 - Example: Bernie

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

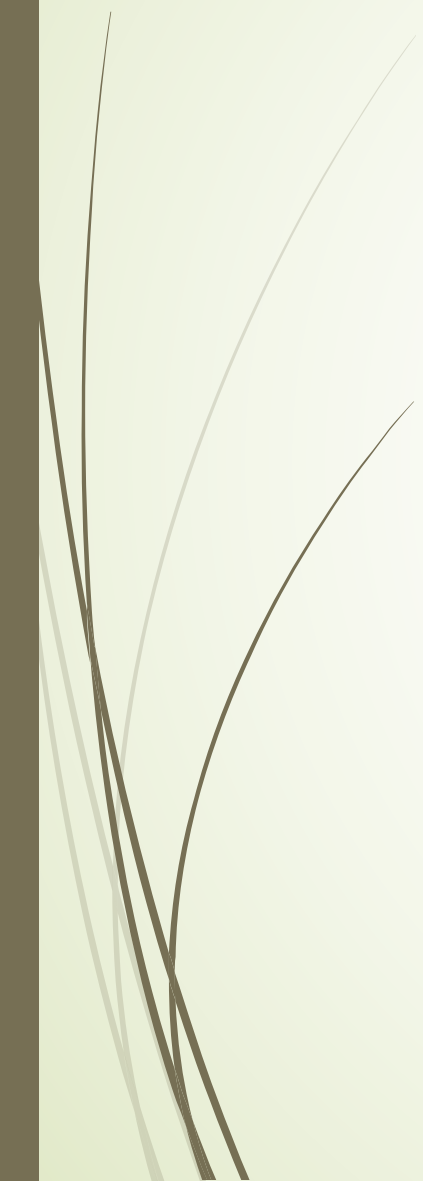
Making an Artful Ask

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

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



Importance of your External Advisory Board

- Purpose
 1. Develop relationships, trust, and support
 2. Obtain input!!!
 3. Communicate how input is used; show impact
- 

Cardinal Sin of Deans

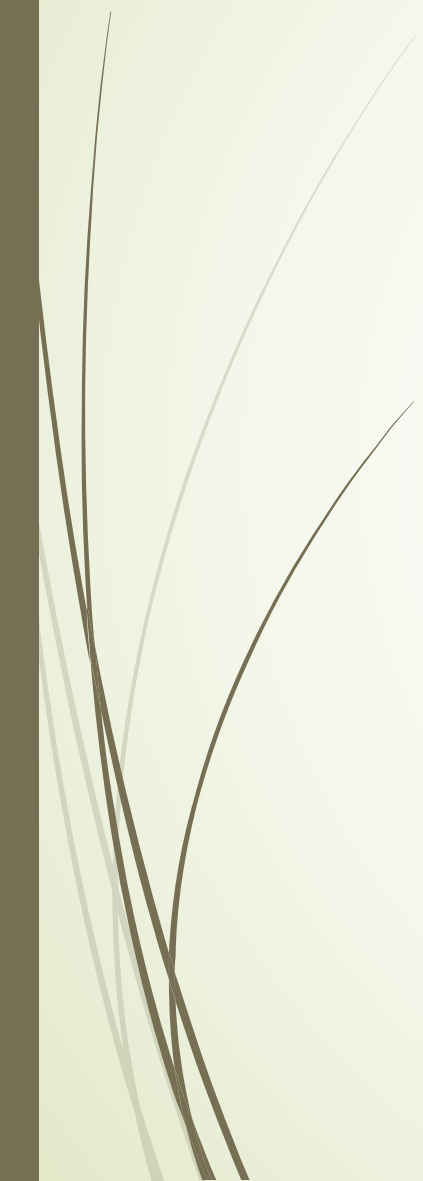
- Assemble Advisory Board
- **Talk to them for the entire meeting**
- Forcing gifted, successful people into a listening mode will soon result in their loss of interest



Watch body language!



Outcome of a Successful Board

- Members now have a vested interest
 - Knowing that their ideas are being deployed
 - Well, at least some of them
 - Ideas fall into one of three buckets
 - If meetings are done well, donations will follow
 - Example: Pam, Mike
- 



Making an Artful Ask

- Written proposal
 - Must be consistent with Vision/Mission
 - Identify several options for level of funding
 - Involve others
 - Do not bypass internal process

- DO and dean rehearse before donor visit



Ultimate Gifts



- Once in a lifetime gift
- Combination of giving methods
- Total commitment to mission
- Long, emotional relationship
- Donor's family involved
- Often involves major naming opportunity

Paul Meraage

- MBA from UC Berkeley
- Three Family Foundations
- Excited by vision
- Team effort
 - Numerous meaningful meetings





Expressing Gratitude

- Congratulations – the gift is in!!
- So you are done...
 -you are just beginning
- Type of recognition depends on donor's wishes
- Examples:
 - David
 - Roy

Expressing Gratitude

- Systematic strategy to personally be in touch
 - Press releases, media coverage, events
 - Thank you letters
 - Annual follow up on how funds were used
 - Faculty and student involvement critical
 - Recipients of funds meet with donor
 - *Never stop thanking donors publicly*



Challenges



- Temptation to accept any gift
 - Is it consistent with vision?
 - Is it large enough to get the job done
 - Avoid “the gift that keeps on taking”
- Funding items donors find unappealing
- Invasive donors
- Ethics (separate session)
- Two donors, one naming opportunity
- Details, details, details
 - Donors upset when names are misspelled
 - Gift is used incorrectly or not used at all
- Biggest challenge of all...very likely TIME!