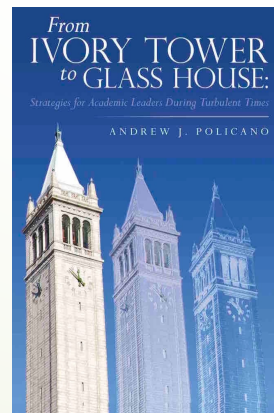


# The Art and Science of Development

Andy Policano



Please read Chapters 6 and 7



# Outline: Initial steps

- Assess internal morale
- Create a compelling vision with all constituents
- Develop your financial strategy
- Work through your development strategy

# Initial steps

- First principle:

*Internal before external*

- Assess faculty, staff and student morale
- Walk around, observe the staff

This?




Or this?



# Initial steps: Create a compelling vision

- ❖ Develop Vision/Mission with all constituents
  - Identify the shared values of the unit
  - What are the priorities?
    - Internal alignment
  - What are your “big” ideas?



# Example: “Big ideas”-- the Graduate School of Management

- My “big” ideas (a subset)
  - Secure naming gift for the school
    - Chairs, scholarships and research support
  - Identify and support 2 – 3 research areas for distinction
  - Secure support for and design a new building
  - Develop an undergraduate major
- Selected Actions
  - Engage alumni
    - A relatively small group, so
  - Engage the community
    - Deans Advisory Board and Dean's Leadership Circle
    - Centers of excellence based on “common zones of interest”
      - After several years, over 600 folks integrally involved

# Initial steps: financial strategy

- 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.*



## Initial steps: Create a development plan

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

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

# Eg: Priorities from Vision & 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			
Increase faculty	2.0			
New faculty chairs	1.0			
Post-docs	.5			
Doctoral students	.5			
Lab equipment	1.5			
Staff and other	.5			
Totals	6.0			

## Example: School Ten-Year Financial Strategy

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

## Example: School Ten-Year Financial Strategy

(in millions)	Add'l annual expense	University funded	Grants & Self-funded	Donor funded
<b>Increase faculty</b>	2.0	1.0	.75	
<b>New faculty chairs</b>	1.0			
<b>Post-docs</b>	.5			
<b>Doctoral students</b>	.5			
<b>Lab equipment</b>	1.5			
<b>Staff and other</b>	.5			
<b>Totals</b>	<b>6.0</b>			

## Example: School Ten-Year Financial Strategy

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

Goal:  
\$2.75m/year



# Initial steps: Assess potential donors

- ▶ Are the development goals realistic relative to the pool of potential donors?
- ▶ 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

# Staffing

## ➤ Gift needs

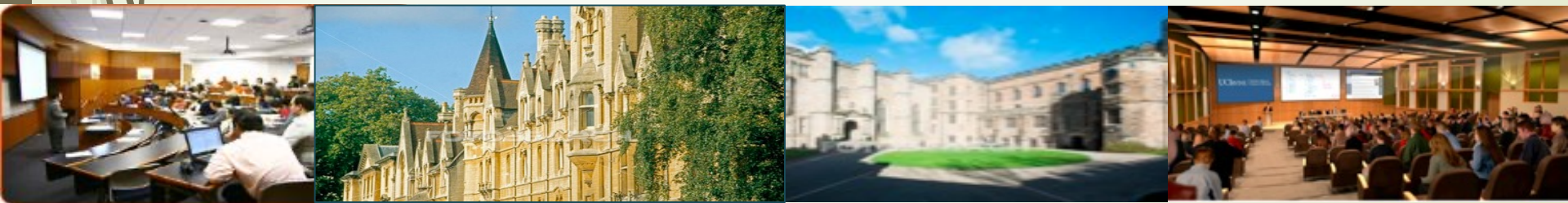
- Over ten years
  - About 15 gifts of \$500K or more
- Each year
  - 1 to 2 gifts of \$500K or more
  - About 30 gifts of \$25K
    - Many smaller gifts

## ➤ 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)**
    - **Plus support staff**

# Next steps: Key considerations

- Creating a positive atmosphere for giving
- Organizing the team
- Working with a board; external relations strategy
- Optimizing the annual fund
- Understanding 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 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)

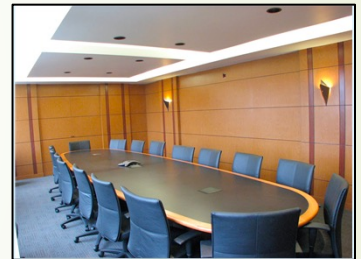
(Donna Mumford discussed)

- 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 to our goal?

Create a pyramid

Building a broad  
base of  
potential donors



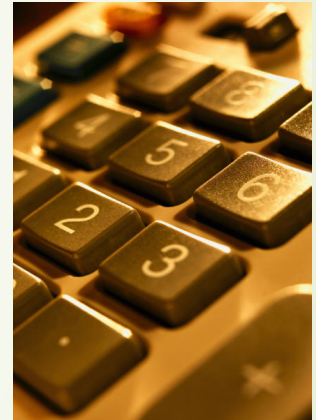
# The bottom of the pyramid: the Annual Fund

- 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

- From cradle to...

...endowment

- 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



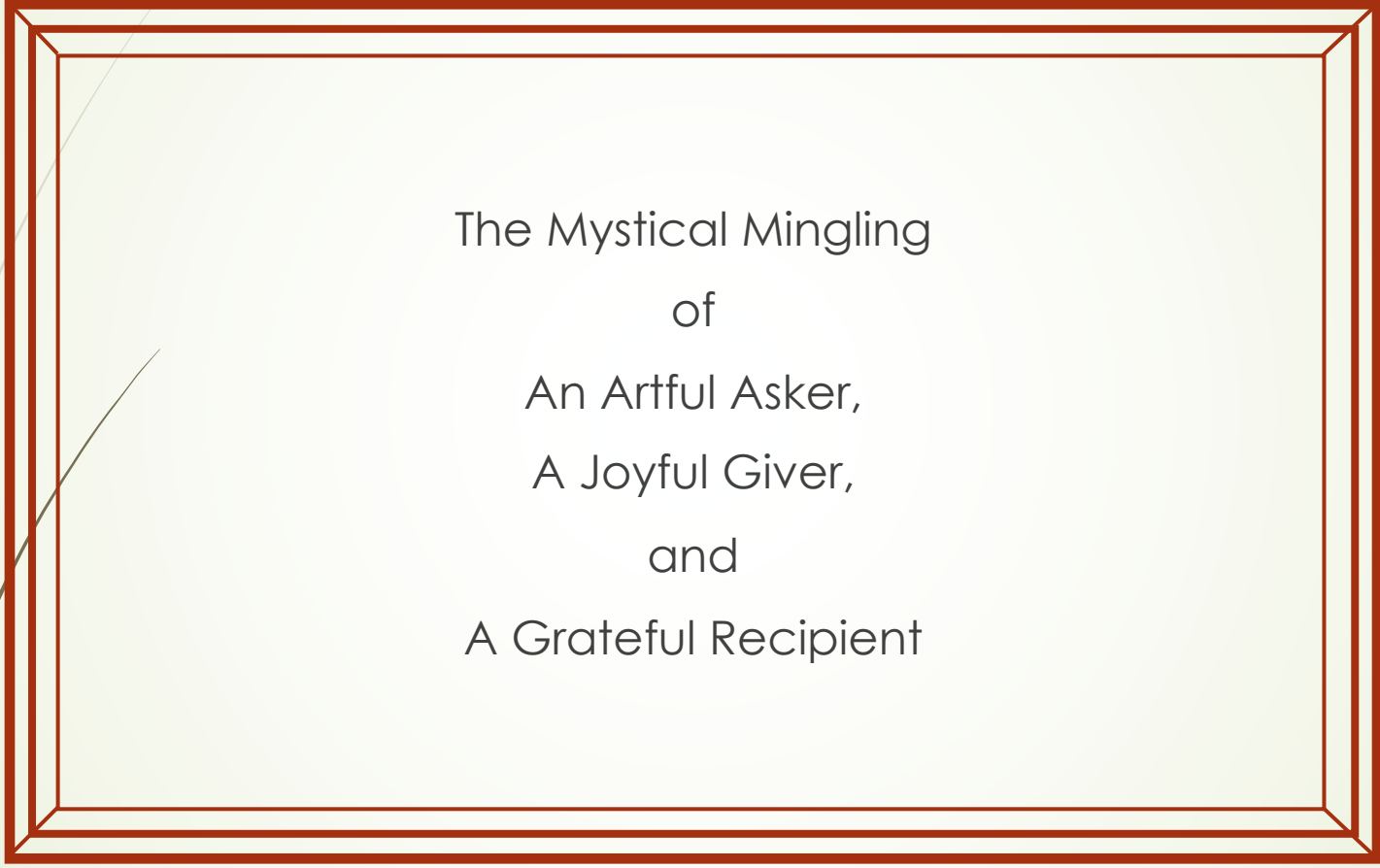
# The Dean's Leadership Circle

- 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
  - Caution
    - Every donor is important
      - Stewardship takes time





# Creating a Joyful Donor

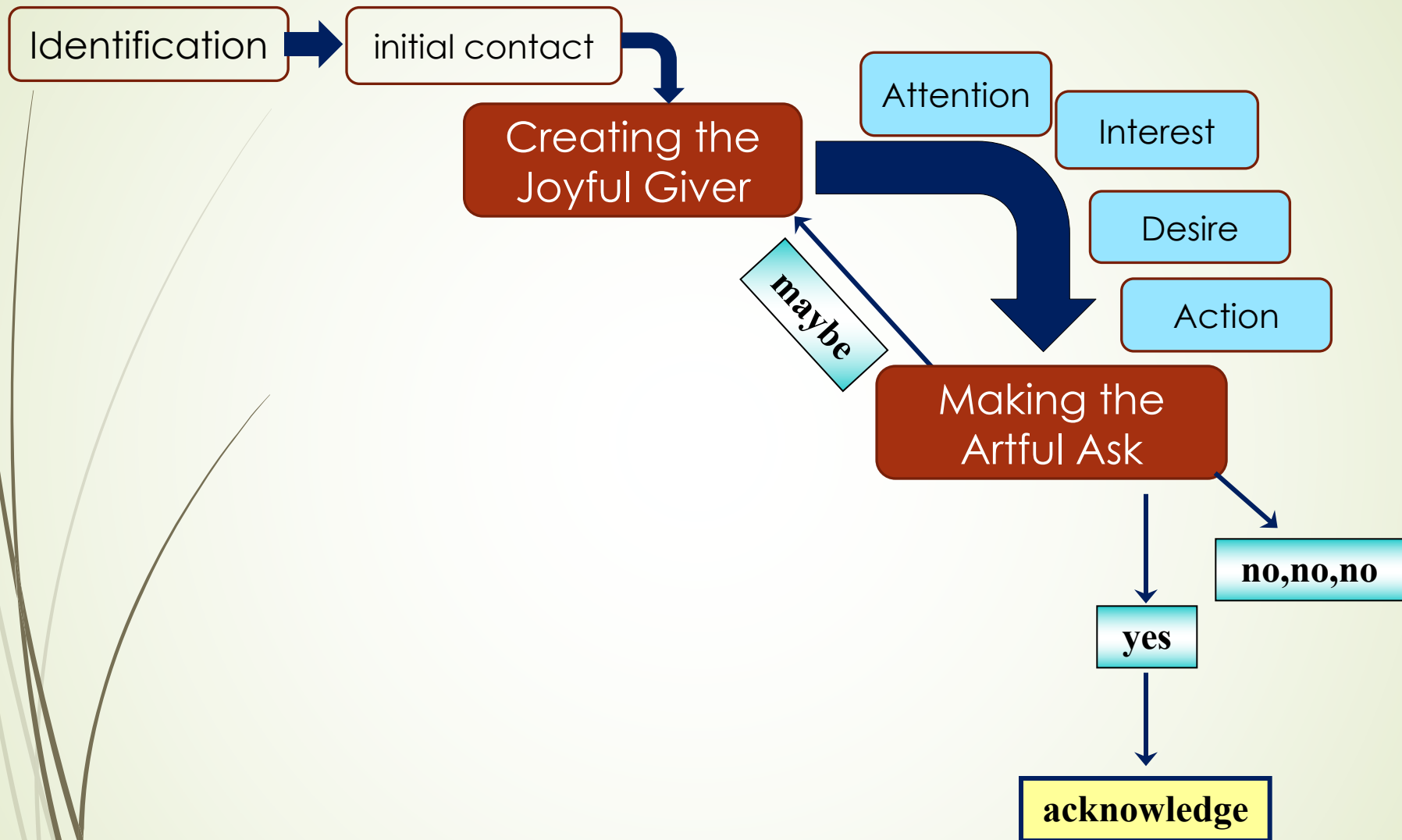


The Mystical Mingling  
of  
An Artful Asker,  
A Joyful Giver,  
and  
A Grateful Recipient

# The Cycle of Successful Development

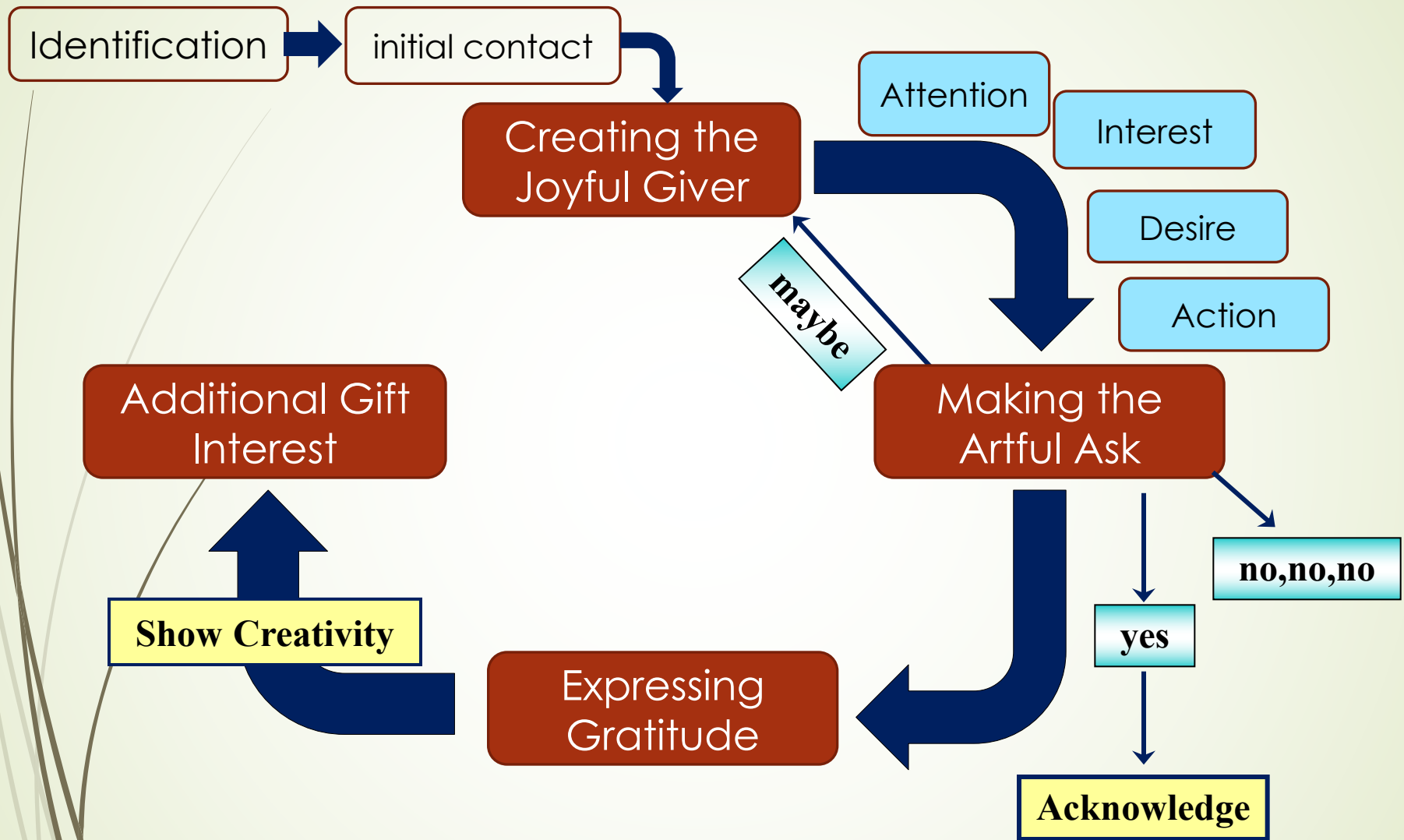


# The Cycle of Successful Development

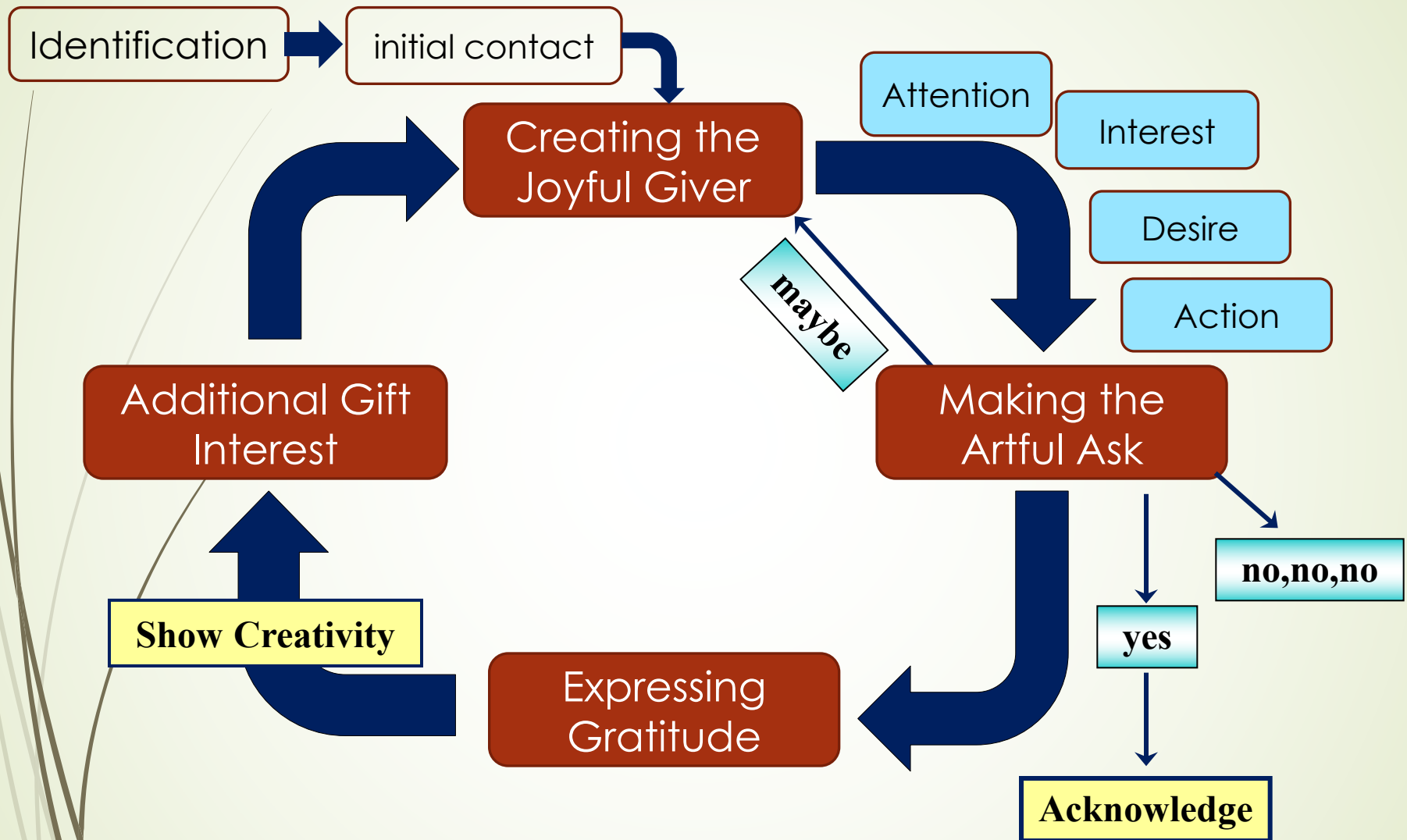




# The Cycle of Successful Development



# The Cycle of Successful Development





# Who donates?

- Individuals
  - Current
  - Bequests
- Foundations
- Corporations



# Who donates?

Total donations in 2017: \$410 billion

- Individuals
  - Current
  - Bequests
- Foundations
- Corporations

# Who donates?

Total donations in 2017: \$410 billion

- Individuals

- Current

\$287 billion

70%

- Bequests

- Foundations

- Corporations

# Who donates?

Total donations in 2017: \$410 billion

- Individuals

- Current

\$287 billion

70%

- Bequests

\$36b

9%

- Foundations

- Corporations

# Who donates?

Total donations in 2017: \$410 billion

## ➤ Individuals

### ➤ Current

\$287 billion

70%

### ➤ Bequests

\$36b

9%

## ➤ Foundations

\$66b

16%

## ➤ Corporations



# Who donates?

Total donations in 2017: \$410 billion

## ➤ Individuals

### ➤ Current

\$287 billion

70%

### ➤ Bequests

\$36b

9%

## ➤ Foundations

\$66b

16%

## ➤ Corporations

← (\$21b)

5%

# Who donates?

Total donations in 2017: \$410 billion

## ➤ Individuals

### ➤ Current

\$287 billion

70%

### ➤ Bequests

\$36b

9%

## ➤ Foundations

\$66b

16%

## ➤ Corporations

← (\$21b)

5%

How many folks here have made multiple charitable donations?





# Understanding the donor's perspective:

## Exercise at each table

- Each individual (1 minute each)
  - Identify one organization that you either already donate to or would like to in the future
  - Explain why you chose this particular organization
  
- Person sitting furthest to my right reports out
  - List the organizations
  - Discuss **the three most compelling reasons** mentioned to donate

# 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: example

- 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?

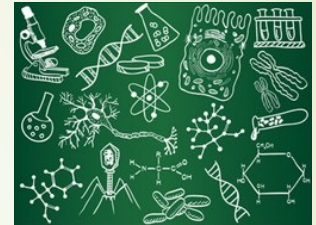
# An alternative

*“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.*





# The Identification Phase

- 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
  - Volunteering
  - 1 on 1 meetings
  - Special events
  - Board membership
  - Arrange visit to campus, mentoring, teaching

# 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 your Advisory Board
- Invite them to their first meeting
- **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

- Direct asks
  - Corporations and Foundations
    - Some engagement
    - Written proposal critical (shared with Board)
  - Small gifts from individuals
- **Indirect**
  - **Major gifts from individuals**
    - Prolonged, meaningful engagement
    - Written proposal at the right time



# 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

# 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

- Details, details, details
  - Donors upset when names are misspelled
  - Gift is used incorrectly or not used at all
- 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
- Two donors, one naming opportunity
- Biggest challenge of all...very likely TIME!



# 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?



# One remaining question

- Will I ever have time to take a vacation?
- 