

THE INTERSECTION OF DEVELOPMENT AND BUSINESS OFFICES IN BUILDING SUSTAINABLE FUNDING STREAMS FOR HIGHER EDUCATION



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THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

Purpose Today

- Explore ways that contribute to a healthier financial bottom line and advance the mission of the institution
- Gain new insights into development's role to fund core priorities

Use of our Time

- Provide an understanding of how philanthropy supports institutional priorities
- Find out who gives, why they give, and how they give
- Share basic development metrics and evaluation standards
- Suggest areas where we intersect to enhance philanthropy

About Development Officers

- Email from University President

“I just saw in the paper our alumnus, Mr. Bigbucks, gave \$5 million to the local hospital. Why didn’t we get some of that?”

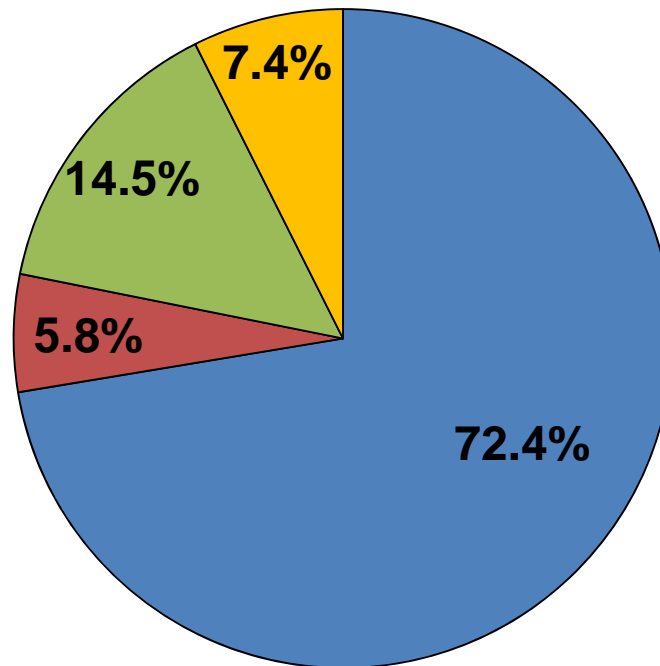
- Why don’t they raise money for my project?
- I need cash now, not endowment

About Business Officers

- Do they understand what I do?
- All they say is no!
- The financial reports don't reflect philanthropic activity
- I wish they knew how hard it is to hire and keep good development officers

Show me the money!

Giving USA FY2012 Philanthropy \$316.2 Billion



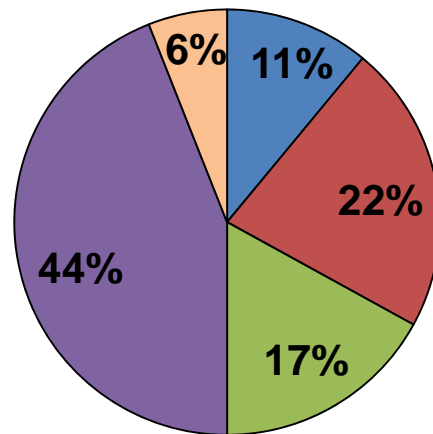
■ Individuals ■ Corporations ■ Foundations ■ Bequests

FY2012 UT System Institutions

- **Fast Facts**

- 15 institutions
- \$1.2B (cash, pledges and new testamentary gifts)
- \$801M cash received
(represents 8.4% of Education and General Expenditures)

Sources of Giving



- Alumni
- Other Individuals
- Corporations
- Foundations
- Other Organizations

All Sources Important, but...

- **Individuals the key**

- 80/20 rule has now become 90/10 and in many programs 95/5
- Wealth is moving quickly to the top in America
- 60% of all US philanthropy comes from high net worth individuals (liquids assets of \$1M+) who represent 3% of the total population

- **So where do we want to spend our time?**

High Net Worth Individuals Motivations for Giving

- **Bottom 3 Motives**

- 3rd Tax Considerations
- 2nd Brochures and print pieces
- 1st Guilt or obligation

- **Top Motives**

- Belief in the mission and impact of the gift
- Feeling financially secure
- Support same organization annually
- Fiscal stability of the organization
- Community responsibility and pride
- Volunteering for organization

- **Why Wealthy Donors Don't Give**

- 57.7% no longer feel connected to the organization
- 51.3% decided to support other causes

What to Know about Working with High Net Worth Donors

- **It's About Relationships**
 - Building trust
 - Listening and hearing their story
 - Sharing your vision
 - Inviting them to participate
 - Following up

Old Donor Strategy

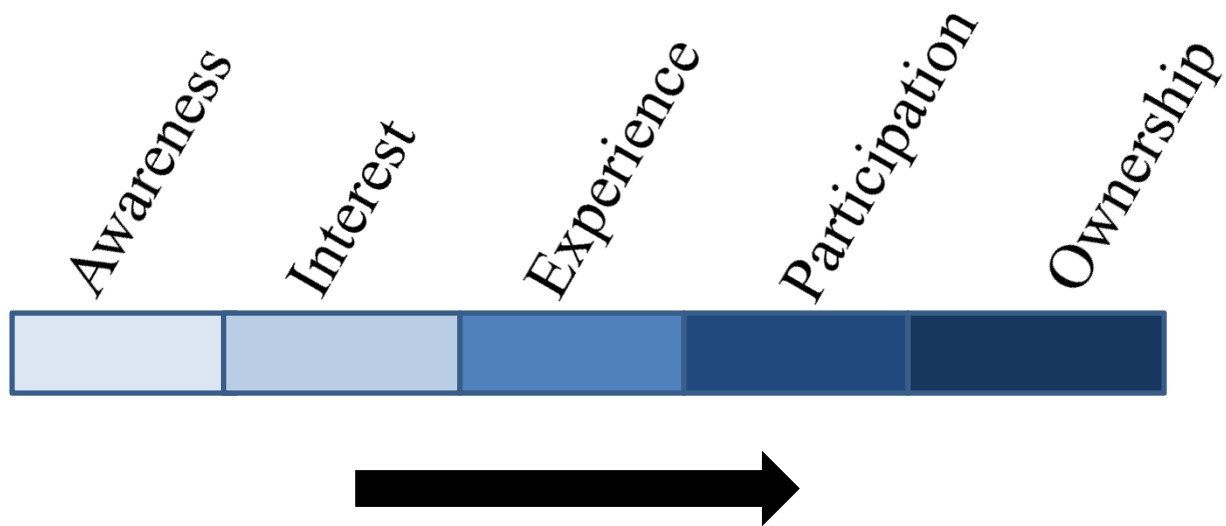
- You've got it
- We need it
- Let's have it
- Next!

Old Approach Versus New

- **Old model** - what is important to the institution
 - If you lead with this approach you receive loyalty gifts
- **New model** - what is important to the donor
 - If you lead with this approach you receive gifts shaped by donor's passion

Working with Donors

Continuum Model

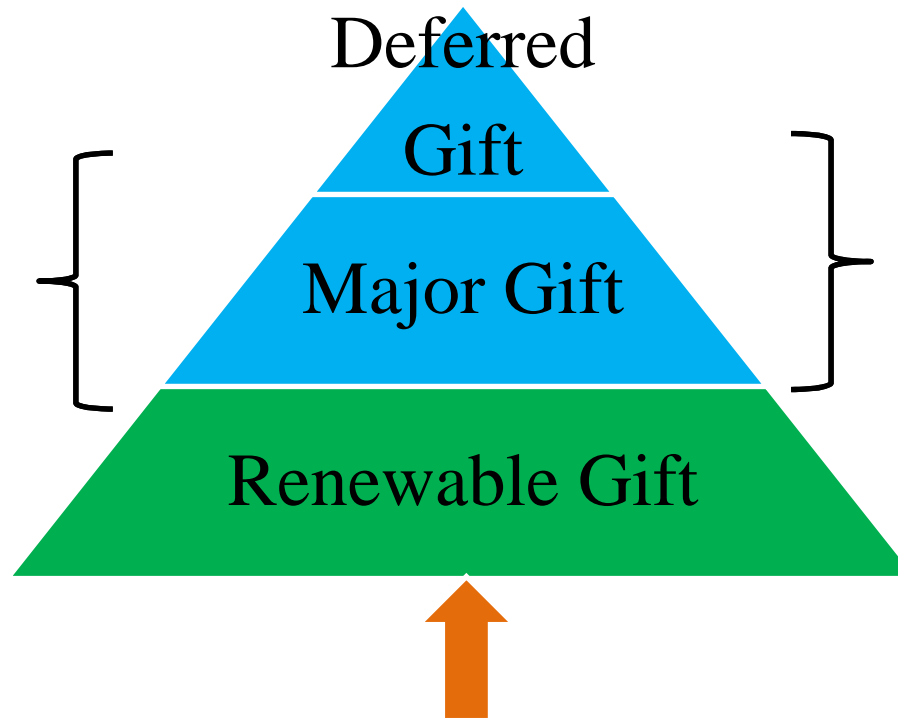


Balance Fundraising Model

Amount Raised

70-90% of private funds from deferred and major gifts

10-30% of private funds from annual, recurring support



Methods of Solicitation

Personal visits

- Direct mail
- Phone programs
- Special events

The Prospect Pool: individuals with shared values, board members, other volunteers, grateful patients, alumni, faculty, staff, foundations, corporations, and other entities

- A balanced program is desirable for sustainable philanthropic growth.
- Campaigns typically focus on major and planned gifts in a balanced program.

Staffing

- If it's about relationships, then frontline officers are one of your most valuable resources for securing philanthropic gifts
 - Among UT institutions, frontline officers average \$2.5M
 - Handle portfolios of 100-125 prospects
 - Make 12-18 monthly visits
 - 1 frontline officer for every 2-3 development FTE

Intersection - Staffing

- Do all you can to keep effective and productive frontline officers
 - Recognition
 - Retention programs
 - Compensation, title
- When you lose an effective frontline officer
 - Lose philanthropic support
 - Donor relations suffer up to three years
 - Replacement costs of \$127,650

Intersection - Reporting

- Financial reports show bottom line and how budgets are funded among other fiscal perspectives
- In these reports philanthropy's impact is often limited to unrestricted support
- As a result
 - Faculty and staff do not see philanthropy's role
 - Volunteer leaders wonder why they are working so hard for gifts that don't impact the institution
 - Donors know what they have given but if it doesn't show in the institutional record they lose the satisfaction of making a difference
 - We are not building a culture of philanthropy

Intersection - Reporting

- Find ways perhaps in other reports to show endowment (institutional wealth); gifts to capital and equipment; restricted current operations; and unrestricted

Intersection - Budget

- Gather new insights on ways philanthropy can support core funding priorities
 - Increase endowment with proceeds to fund operational needs
 - Increase scholarship support to cover institutionally funded student support
 - Shorter more strategic campaigns

Points of Intersections Development and Business Offices

- Alignment with mission
- Staffing
- Reporting
- Budget

Summary

- Explored ways that contribute to a healthier bottom line and advance the mission of the institution
- Continue the discussion between business officers and development professionals at your institution

Thank You

Contact Information

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