Campaign Dynamics and Readiness: Board of Trustees Presentation

Presented by:
Jennifer A. McDonough
Partner
jmcdonough@bwf.com

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Today’s Agenda

- The Philanthropic Landscape
- Strategies for Campaigns
- Fundraising versus Advancement
- Influences on UNCG’s Next Campaign
- Campaign Readiness: Requirements for Success
- Role of Board Leadership
- Campaign Planning and Feasibility
- Key Campaign Outcomes
2009 Charitable Giving by Recipient Type

Total = $303.75 Billion

- Religion: $100.95 (33%)
- Education: $40.01 (13%)
- Gifts to Grantmaking Foundations*: $31.00 (10%)
- Human Services: $27.08 (9%)
- Health: $22.46 (7%)
- Public-Society Benefit: $22.77 (8%)
- Human Services: $27.08 (9%)
- Environment/Animals: $6.15 (2%)
- Arts, Culture, and Humanities: $12.34 (4%)
- International Affairs: $8.89 (3%)
- Foundation Grants to Individuals*: $3.51 (1%)
- Unallocated Giving**: $28.59 (10%)

Source: Giving USA Foundation/Giving USA 2010.
2009 Charitable Giving by Donor Type

Total = $303.75 Billion

- Individuals: $227.41 (75%)
- Foundations: $38.44 (13%)
- Bequests: $23.80 (8%)
- Corporations: $14.10 (4%)

Source: Giving USA Foundation/Giving USA 2010.
Key Findings: Overall Giving

- Total estimated charitable giving dropped 3.6 percent in 2009 (3.2 percent adjusted for inflation).
- Total giving has increased in current dollars every year but two.
- Individual giving essentially flat with a 0.4 percent decline and no change adjusted for inflation.
- Bequests dropped significantly. Reflects unusually high level of bequest giving in 2008.
Key Findings: Overall Giving

- Individual, bequest, and estimated family foundation giving combined are roughly $266.61 billion or 88 percent of the total.

- Foundation giving decreased by 8.9 percent; less severe than anticipated.

- Corporate giving rose 5.5 percent; takes giving to within 1 percent of pre-recession level.
  - Includes corporate foundations.
  - Increases of in-kind donations.
Total Giving, 1969–2009

$ in billions

Source: Giving USA Foundation™ /Giving USA 2010

$ in billions

Source: Giving USA Foundation /Giving USA 2010
Key Findings: Giving to Education

- Education the second highest share at 13 percent of the total.
  - Giving to education declined 3.6 percent and 3.2 percent adjusted for inflation.
  - Two-year change represents a drop of 8.8 percent. However, smaller decline in 2009.

- On average, over the past 40 years, giving to education has increased faster than inflation with average annual growth of 2.7 percent since 1969.
Giving to Education, 1969–2009

$ in billions

Source: Giving USA Foundation™ /Giving USA 2010
Dynamics Remain Mixed

- Amount contributed to donor-advised funds last year increased by more than 2%—reaching a record $9.1 billion. The number of new donors also increased dramatically (by over 10%) reaching nearly 148,600 accounts holding more than $28 billion in assets.

- The rate at which private foundations were established slowed considerably. In 2009, the number of active foundations rose only a marginal 0.5%—the slowest annual rate of growth tracked since 1981.
Dynamics Remain Mixed

- New study (Money for Good project; 10/4/10) estimates the potential market for investments that seek financial as well as social or environmental returns at $120 billion.
  - Good news for charities is that most said they would put money into such investments and draw funds from their investment portfolios rather than the money they have set aside for philanthropy.
2010 Bank of America High Net Worth Philanthropy Study

- Change in Giving
- Strategic Philanthropy
- Expect Effective and Transparent Nonprofits
- Use of Charitable Vehicles
- Wealthy as Volunteers
- Role of Advisors
- Giving Partners and Children
Philanthropy is Remarkably Resilient

- Fundraising is the business of optimism.
- Adjusted for inflation, giving typically increases in non-recession years and stays flat or falls in recession years.
- The 2009 change of 3.2 percent is not as dire as seen in earlier recessions. Many with pledges endeavored to sustain their commitments.
- History suggests that giving will increase as the economy recovers, although growth is likely to lag by a year or more.
Philanthropy is Remarkably Resilient

- Donors continue to give in bad times as well as in good times.

- Institutions that sustain focus and maintain and perhaps increase effort will be successful.

- No group was immune to the downturn. However, in 2009, the number of millionaires bounced up sharply.
  - After that decline and rebound, the millionaire class held a higher percentage of the country’s wealth than it did in 2007. Japan and China were 2nd and 3rd in the growth of millionaires.
Philanthropic Agenda: Caveats

- UNCG and our colleges, schools, and programs are not entitled to philanthropic support—we must earn it.
  - Must convince our donors and prospective donors of the impact their gifts will have and why this impact is important.
  - Have to “sell” prospective donors on our priority projects.
  - Prospects and donors must be told—again and again—how important they are.
  - Remember—you are “competing” with many other valid “charities.”
Impact on Campaigns

- Highly competitive environment
- Harder to be added to the list
- Donors are smart and expect specificity
- Many give to more than one thing
- Demographic and psychographic considerations
  - Women’s Philanthropy and the Six Cs
  - “A New Generation Reinvents Philanthropy”
  - Minorities in Philanthropy
  - Millionaire Next Door
Strategies for Campaigns

- Be specific about impact and opportunity costs.
  - Challenging economy gives us license to do both.
- Focus on fewer priorities.
  - We have all had to make adjustments.
- Pursue opportunities to leverage funding sources.
- Act as if the prospective donor can make the gift until or unless you learn otherwise.
- Position the ask amount appropriately. It is a means to an end not the end itself.
Strategies for Campaigns

- Donors are more likely to give to ("invest in") projects if they:
  - Help “shape the project” (scope, content, design, etc.).
  - Provide feedback about project’s expected outcomes and impact.
  - Feel “ownership”—talk about “our project.”
- Be prepared to negotiate timing.
- Do not underestimate the power of your own story and rationale for involvement.
Strategies for Campaigns

- Articulate urgency
  - Negotiate next step and keep it in your court
- Engage many within the University
  - Senior leaders
  - Academic and programmatic leadership
  - Beneficiaries
  - Advancement staff
  - Other volunteers
Strategies for Campaigns

- Understand the differences between acknowledgement, recognition, and stewardship.

- Be purposeful and personalized in stewardship.
  - Reporting: Gift was used as donor intended; Gift was used or invested wisely; Gift made a difference.
  - Accountability
  - Impact
  - Outcomes
Fundraising vs. Advancement

Fundraising:

- Focuses on known donors
- Moves quickly to solicitation
- Assumes familiarity with case
- Shows incremental gains
- Finishes in months
- Examples: United Way, politics
Fundraising vs. Advancement

Advancement:

- Focuses on donors and prospects
- Builds long-term relationship and involvement
- Makes the bigger case
- Seeks significant gains through philanthropic plans
- Takes years
- Examples: education, healthcare
Characteristics of Highly Effective Advancement Programs

- Campaign fuels strategic plans.
- Strong leadership and support from chancellor and key academic leaders.
- Active volunteer leadership.
- Transformational asset-based giving in addition to responsible income-based giving.
- Emphasis on relationship building.
- Broad, growing base of support via a strong annual fund.
- Long-term commitment to a consistent advancement plan.
- Creation of institution-wide advancement culture.
- High professional standards for performance.
- Sufficient staff-to-alumni ratios.
- Investment in major and principal gifts.
- Investment in prospect research, stewardship, and IT systems.
Motivations for Making Major Campaign Gifts

Importance of higher education

Importance of UNCG

Importance of college/program/unit

Importance of specific project

Importance of my gift
Campaign Case-Stating Primer: Articulating Your Case

- Institution
- Vision
- Strategic Plan
- Goals/Objectives
- Outcomes and Impact
- Campaign Projects and Priorities
- Campaign Case
Influences on UNCG’s Next Campaign

- New University leadership
- Connections with UNCG’s strategic plans
- Use of campaign in advancing public/constituent awareness and appreciation of UNCG as asset
- Communication on evolution of institution and programs
- Dollars raised and donors secured during and since the close of the last campaign
- Degree of stewardship of donors at all levels
- Expansion of prospect pool
Campaign Readiness: Requirements for Success

- Visionary institutional planning, leaders
- Robust advancement infrastructure
- Strong volunteer engagement
- A deep prospect pool; solid prospecting
- A compelling case; pre-selling the campaign rationale
- Effective, persistent communications and cultivation
Leadership by the University chancellor and key leaders is critical

- Provides the institutional commitment needed to validate fundraising priorities
- Guides the visioning and priority-setting processes
- Serves as primary solicitors for pace-setting gifts
- Empowers, encourages, and recognizes exemplary service across the University
Leadership by committed volunteers is critical

- Passionate advocates of the University and its philanthropic priorities
- Catalytic leadership that inspires and galvanizes the extended volunteer family
- Reliable, persuasive, and effective solicitors and stewards
- Trusted linkages between the chancellor and key academic and programmatic leaders
Importance of the Board

TRUSTEES

VOLUNTEER LEADERS

LEAD DONORS
The leadership of passionately committed board members is evident.

Board members—key volunteer leaders—are involved in all phases of campaign activity.

Board members set the example through their own giving.

Money is impersonal and is a means to an end.

Volunteers have the power to personalize money by talking about what it can do for UNCG, its students and faculty, and the community.
Best Practices of Successful Boards

- The campaign steering committee and/or the board development committee demonstrate leadership.
- Board members are recruited and their campaign assignments are made informed by campaign-specific characteristics—affluence, influence, and special expertise being central.
- The advancement staff provides exceptional support for the campaign efforts.
Volunteer leaders play a variety of campaign fundraising roles

- Identify and qualify prospective donors (philanthropic interest and giving capacity).
- Arrange and/or host cultivation activities for prospective donors.
- Contribute to long-term stewardship relationships with significant donors.
- Plan solicitation strategies and provide information that help the institution prepare more effective proposals.
- Make calls either individually or in tandem with University leaders and key advancement staff.
The Development Process: One View

Identification

Information

Interest

Involvement

Investment
The Development Process: Another View
Campaign Feasibility and Planning

1. Internal Readiness Assessment
2. External Assessment
3. Report and Decisions
4. Campaign Strategies and Planning
Internal Readiness Assessment

1. Project organizational meeting or call
2. Worksheets and background data questionnaires
3. Data analysis
4. Surveys and meetings with University advancement staff
5. Interviews with key academic, administrative, and Board leaders
External Assessment

1. Development of draft campaign prospectus
2. Study task force recruitment and orientation
3. Consultant-led confidential interviews
4. Surveys of broader audiences
5. Environmental analysis: philanthropic and campaign trends
1. Findings and Conclusions
   - Confidence
   - Leadership
   - Campaign Prospectus
   - Prospective Donors
   - Readiness
   - Fundraising Climate

2. Recommendations

3. Decisions on campaign (priorities, goals, timelines)

4. Bridge to campaign and “launch”
Campaign Strategies and Planning

1. Goals—Financial and programmatic
2. Infrastructure
3. Structure and organization
4. Roles and responsibilities; Skill building
5. Volunteer leadership, training, and support
6. Budgets and timelines
7. Case for support and communications

8. Prospect and donor development: cultivation, solicitation, recognition, and stewardship strategies

9. Gift policies and procedures

10. Management tools and reports
# Campaign Implementation Timetable

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*University of North Carolina at Greensboro*
Key Campaign Outcomes: Financial

- Reaching the overall and individual financial targets; gifts of impact and consequence
- Fulfilling key levels of the gift pyramid; first-time and increased gifts
- Giving by volunteer leadership
- Providing opportunities for “everyone” to have the opportunity to participate
- Strengthened profile of annual, major, and planned gifts
Key Campaign Outcomes: Ownership

- Increased volunteer engagement
- Expanded faculty and academic partner engagement
- Higher alumni participation
- Higher “friends” participation
- More prospect potential
- Evolution of volunteer leadership opportunities
Key Campaign Outcomes: Capacity

- Evolution and integration of infrastructure: development, alumni, and communications
- Stronger understanding of the importance of philanthropy
- Positioning or pre-selling of subsequent philanthropic agendas
- Increased awareness and pride