Cultivating a Culture of Philanthropy: New Approaches to New Realities

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It's hard to imagine any college or university where top administrators and board members aren't hoping against hope for a broader or more enduring culture of philanthropy. After all, who wouldn't want a deep and ready reserve of more-generous and loyal donors, especially in these times when other sources of support are so constrained?

The means and methods by which most institutions pursue that goal, however, are based on a flawed assumption—that fundraising in itself engenders philanthropy. It doesn't. Fundraising harnesses philanthropic goodwill; it doesn't produce it. In fact, in some cases, certain fundraising tactics are even depleting what traditionally has been higher education's greatest philanthropic reserve: the loyal alumnus.

For example, many advancement leaders, when asked, "What are you doing to cultivate a culture of philanthropy?" point to their student philanthropy programs. Most of those programs are predicated on the notion that a lifetime of philanthropy begins with the first gift. Just get students to let loose with a few bucks in the name of philanthropy, the theory goes, and the high will be so high they won't be able to quit. In that belief, all manner of tactics have been tried, including having an alumnus hand out dollar bills to seniors during commencement exercises and then ask for them to be given back immediately. The notion is that even ceremonial transactions involving giving back other people's money will cause you to want to do the same with your money.

Some senior gift campaigns appear to work, but the philanthropic effect is short lived. A large number of colleges and universities, for example, can point to significant dollars secured or high rates of donor participation resulting from their student philanthropy efforts. Yet compare those donations given by seniors in the name of student philanthropy, either by amount or rate of participation, to those given by that very same cohort, now young alumni, one year later. The numbers drop, hard. The hoped-for habit hasn't been instilled.

So, if fundraising in itself doesn't create and cultivate philanthropy, what does? We can find the answers in the enormous amount of data at our disposal in the form of donor records kept by most advancement operations for many decades. I've had access to such data through my more than 30 years in the field—including serving as vice president for advancement at three major institutions and as a consultant to more than 50 colleges and universities. Throughout that time, I've reviewed, conservatively, more than 10,000 donor records.

We can gather and compare that data across institutions and see a remarkably clear and consistent philanthropic pattern emerge. Add that to the testiculate role of loyal, generous alumni who have graduated in the past seven decades, and we can isolate the major factors and forces that shape lifelong philanthropy.

The Sustaining Alumni Donor

First, a bit of context: Of the more than $300 billion given in recent years in the name of philanthropy, according to Giving USA 2014, 72 percent comes from individuals, 15 percent from foundations (including family foundations), and 5 percent from corporations.

The sustaining alumni donor is, and has been, the heart and soul of the most remarkable philanthropic cultures created to date. When we look at the anatomy of a magnificent gift given by such donors to any institution of higher learning—say, of $1 million or more—we see that it is preceded, on average, by 15 to 20 years of previous and more modest giving to the institution by the same alumnus. Further, when an alumnus makes his or her 15th annual gift, the probability of him or her leaving a large portion of his or her estate to an alma mater, according to our analyses, increases by 80 percent.

The evidence is overwhelming: A culture of philanthropy cannot be built without attracting and retaining, over two or more decades, a significant quotient of loyal alumni donors. You can't just chase dollars, unmindful of whence they come. You have to build enduring relationships and be particularly alert to the lapsing of loyal donors. Board members, therefore, need to ask more than just how much money has been raised this quarter or this year, and how that compares to last quarter or last year. The far better questions to ask are, “How many donors have given for 10 or more years? How many of those did we retain last year and how many did we lose?”

The fact is that philanthropy, as an act of individual expression, evolves slowly yet certainly, but not in everyone. About 70 to 75 percent of us will make at least one gift at some point in our lifetime. Of that percentage, about 30 percent will give consistently, year in and year out, to one or more organizations.
Three Main Gateways

While the mystery of why generosity grows in the hearts of only some of us is beyond the ken of this article, we can identify conditions that cause the innately generous to become loyally affiliated with certain institutions of higher learning. Once again by studying the records and patterns of those who have given for four decades or more, we can see three powerful elements at work—appreciation, affiliation, and agency.

Appreciation, according to the testimony of consistently generous alumni, is predicated on the broad belief that the value of their education greatly exceeded the price of tuition. It is also founded on an undying gratitude to a few professors (and sometimes coaches) who caused them to realize that they were capable of more than they had once thought. Such alumni are often or speak of most appreciatively even demanding and exacting professors, sometimes ones who issued failing grades, because of the competencies they inculcated—and the difference those competencies made over time.

Fascinatingly enough, those alumni who have worked on a campus when they were students are far more apt to express philanthropic appreciation than those who received high-end scholarships or “full rides.” Indeed, the recipients of particularly prestigious scholarships are far less likely to give back, even to the scholarship programs that once sponsored them. Other factors that deepened their appreciation, such generous alumni say, included events that moved them emotionally (primarily freshman convocation and commencement), traditions that spanned the generations, and the feeling of being a member of a distinct or distinguished community.

Affiliation, or remaining actively engaged with one’s alma mater after graduation, when added to appreciation, greatly increases the likelihood of an alumnus giving over the decades. Early affiliation in the years immediately following graduation is especially influential in shaping longer philanthropic patterns. The ardor of even the most appreciative alumni can dim with the passage of time and in the absence of affiliation.

And, as we have learned in an extensive study of thousands of alumni across about 100 institutions, conducted by the Collaborative Innovation Network for Engagement and Giving, even appreciative alumni fall away when they begin to feel that their alma mater “does little to reach out to me beyond asking for money.” What generous alumni want from their colleges and universities is similar to what students want—the ability to continue to learn from and with exceptional faculty members and talented peers. In the main, they are not interested in affiliating with their alumni association if it does not meet those desires.

Agency, one of the most overlooked elements of enduring philanthropic compacts, is in the mind of a sustaining donor. It is the belief that he or she is not just giving to his or her college or university, but also through it to create a better world. That better world can be broadly conceived, such as believing that one’s alma mater serves the purposes of democracy by widening the circle of opportunity or serving as an engine of upward mobility. Or it can be narrowly interpreted, as is the case of an accounting alumnus, who, let’s say, believes his alma mater is having a disproportionately positive impact on professional practice in that field.

That element of agency, generally in combination with appreciation and affiliation, explains why alumni give remarkably generous gifts to colleges and universities with the largest endowments. We often hear the incredulous outside observer of this phenomenon ask, “Why on earth would anyone give so much to a university that has billions of dollars in endowments? They don’t need the money!” The reality is that need is not a driving factor in the most significant philanthropic commitments. If, for instance, you lost a loved one to a terrible disease and, as a result, became passionately motivated to exercise your full philanthropic resources to help others so afflicted, you would not give to the medical center or research institution that most needed the money, but rather to the one that had the greatest potential to rid the world of that dreaded disease.

In fact, over-emphasizing basic needs—such as a college charging more than $35,000 in tuition while arguing it requires contributions to its annual fund “to keep the lights on”—undercuts an institution’s larger philanthropic appeal. Agency is not about the margin of survival, but instead about the margin of excellence. It is about demonstrating how philanthropic investment can take an institution, or some critical part of it, “from good to great.”

Growing Challenges

Ironically, in the past few decades, the actions and decisions of much of higher education have had an adverse effect on alumni appreciation and affiliation. The most significant was increasing tuition over the past 30 years by 440 percent (the average for four-year institutions), according to the National Center for Public Policy and Higher Education. Whether or not those increases were warranted is not the issue here. The unsettling truth is that those increases, and the ensuing student debts, have caused alumni, in increasingly larger numbers with every passing year, to rebuff the institution’s plea to “give back” by saying, “I gave enough already in tuition.”

Indeed, many of these alumni will attest to receiving an excellent or very good education while adding that they paid handsomely for it. Fewer and fewer say the value of their education greatly exceeds the cost. The net effect is a 20-year decline in alumni participation (the percentage giving annually), resulting in less than one in 10 alumni giving regularly to their alma maters.

The degree to which alumni calculate the cost–value proposition of their education is difficult to measure, but their giving behaviors are not. Knowing that major gift commitments are preceded by 15 or more years of loyal giving, we can begin to predict
major gift productivity well into the future by counting the number of alumni in any given institution who have given for 10 or more years by the decade of their graduation. For example, Table 1, below, shows that the number of alumni giving to a respected, mid-sized liberal-arts college for 10 years or more rose in the 1960s and 1970s, but has significantly declined ever since.

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<th>DECADE OF GRADUATION</th>
<th>NUMBER OF ALUMNI GIVING FOR 10+ YEARS</th>
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<tbody>
<tr>
<td>1950s</td>
<td>377</td>
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<tr>
<td>1960s</td>
<td>415</td>
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<td>1970s</td>
<td>433</td>
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<td>1980s</td>
<td>209</td>
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<td>1990s</td>
<td>130</td>
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<td>2000s</td>
<td>44</td>
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At larger or less distinguished institutions, the rate of decline in loyal giving is even more precipitous. The virtually ubiquitous hope of cultivating a greater, grander culture of philanthropy is slipping away from many institutions of higher learning. And it is not because the graduates of the 1980s and beyond are less philanthropic than their predecessors, it is because they are directing their philanthropic resources to other organizations for which they feel a greater sense of appreciation and stronger affiliation and that they believe have a greater ability to convert whatever they might give to larger societal gain.

Board members should request the same data set for their college or university. If the pattern is similar, they must ask what is being done to build loyalty over time and, perhaps more important, what sort of research has been conducted to understand why otherwise generous graduates are giving more to other causes than to their institution.

Affiliation, the second most important element of philanthropic cultures, is also on the wane. Where this has been the case, the contributing factors have included an increasing emphasis on producing annual fundraising results, an underinvestment in alumni relations, and alumni relations programs that have not reflected or built on the sources of alumni appreciation or are perceived to be nothing more than stalking horses for an impersonal fundraising machine. Unrelenting fundraising, in this context, without substantive programmatic outreach to alumni, is more endangering than engaging of philanthropy.

Board members should ask, “What is the proportion of fundraising to non-fundraising messages that our alumni receive yearly? If board members themselves are alumni, all they need to do is create a file for all the mail and e-mail they receive from their alma mater and do their own tally at the end of the year.

The decline of appreciation and affiliation means that institutions of higher learning must become increasingly more effective at demonstrating agency if they are to excite the philanthropic instincts of their migrating alumni. Is it possible to make such a powerful case for agency, to so convincingly demonstrate how private investment in an institution of higher learning is effectively converted to some specific societal gain, that it will create a new kind of appreciation—not about what was, but what will be? Can the case for agency be so powerful that it induces cause-oriented or outcome-driven alumni to affiliate with their alma maters? Perhaps. And we need to try.

But this we know: Cultures of philanthropy can no longer be cultivated by asking alumni to merely “come back, look back, and give back.” They will need to be built on agency-oriented cases for support and will require institutions to demonstrate that they are willing to listen to and learn from their most successful alumni. They will require higher education institutions to identify and seek out alumni possessed of specific talents that, when coupled with institutional competencies, can be massed around projects and initiatives that are most likely to produce relevant and difference-making outcomes and impacts. Before asking for financial support, they will need to demonstrate, if not prove, to alumni that their talents matter and that their voices are valued.

Agency also requires each institution to speak to what it hopes to contribute to society from its distinct assets and specific core competencies. The vast majority of four-year institutions are defining themselves with the same three descriptors: green, global, and interdisciplinary. Board members would be wise to ask, “What is it that we can do that no one else can?” The answer doesn’t in itself have to be world changing. If everyone focused on delivering something of great value to their immediate community, we’d have a better overall society.

**What Boards Can Do**

Adapting to the new realities and developing new means of securing “time, talent, and treasure” from alumni does seem to hold a larger promise of making colleges and universities more service-oriented and less status-oriented; more humble and therefore more willing and capable of learning; more strategic by aligning with alumni who are on the cusp of change and the frontiers of new knowledge and innovation; and more cost-effective by incorporating more labor-saving, opportunity-realizing volunteer talent. But, in the main, the promise of such things is far greater than the practice.

The other and complementary alternative is to base our strategies for the future on what
we know about the formation of philanthropic behaviors. Might we dare to create or re-create institutions of higher learning that have a more organic ability to develop ever greater and self-sustaining cultures of philanthropy? Board members who are interested in converting all that we know about philanthropic patterns of the past into strategies for cultivating more philanthropic cultures in the future should advocate for:

- Thoughtfully designed rites of passage and rituals that cause students to feel as if they have been admitted into a distinct and distinguished community of higher purpose;
- Incentives and rewards for faculty members who see their essential purpose as setting high bars for student learning and providing the tools, including their time and personal encouragement, that ensure those bars can be reached;
- Student affairs practices and policies that are attentive to the emotional uncertainties experienced by many young adults and that seek to make sure that the making of a loyal, generous alumnus does not falter or fail in the first semester of the freshman year;
- Admissions policies that show a preference, assuming all criteria are relatively equal, for the applicant who demonstrates altruistic tendencies;
- Financial-aid policies that are not driven by narrow and statistically insignificant measures of cognitive ability but on broader measures of human potential;
- Fiscal practices that support these imperatives and operate in more transparent and accountable environments in which honest, impassioned dialogue can take place about the most important cost centers, particularly enhancing faculty-student interactions, and about what constitutes extraneous costs or even waste; and
- Larger institutional outlooks and practices—not just those delegated to the alumni affairs office—that afford respectful, reciprocal, multidimensional relationships with alumni and engage them in substantive activities that advance the college or university’s mission.

The role of a governing board should not be limited to only the mechanics of fundraising—be it expressed with that awful philanthropic obscenity “give, get, or get out,” or the more benign requests to give, host events, or play representational roles, or even evaluate annual fundraising metrics. The more essential responsibility of the board is to ensure that the institution that it passes on to its successors is more distinctive and sustainable than that which it inherited from its predecessors.

And, so, while boards have been traditionally seen as an intricate element of fundraising—as givers, stewards, and evaluators—there is an opportunity to play an even greater role. Boards can, and should, not only ask, “How much money have we raised this year?” but also, “What is the state of our culture of philanthropy, and how might we better create the institutional conditions to make it stronger?”