



# The Power of the Crowd

New Frontiers in College and University Crowdfunding

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Advancement Forum

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  - 2 The Transformation of Crowdfunding Strategy
  - 3 Emerging Risks and Challenges
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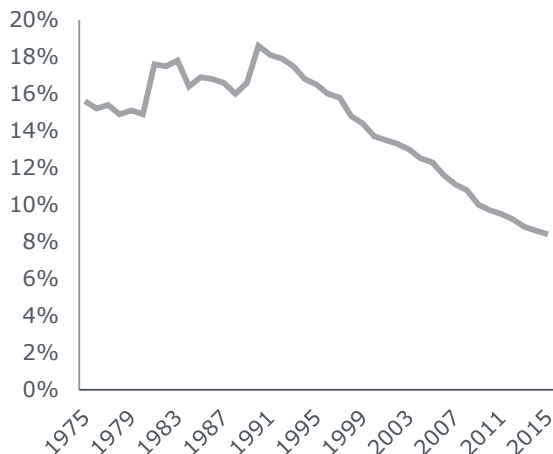
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# Giving on the Decline for Decades

## Gift Appeals Sent to More Alumni, but Fewer Give Back

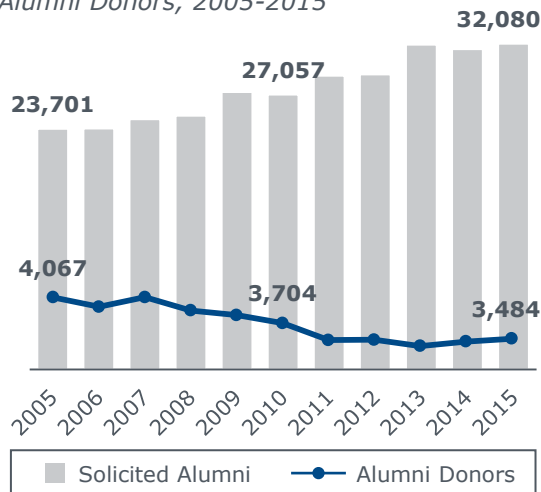
### 25 Years of Participation Declines

*Average Alumni Participation Rates (APR), 1975-2015*



### Asking More Alumni for Fewer Gifts

*Median Number of Solicited Alumni and Alumni Donors, 2005-2015*



**35%**

Increase in the number of solicited alumni since 2005

**-14%**

Decrease in the number of alumni donors since 2005

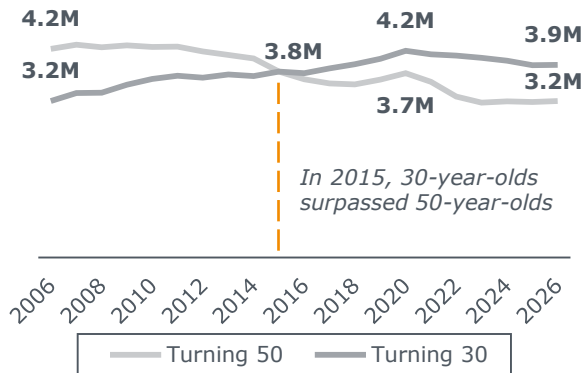


# At Risk of Losing a Generation of Donors?

## Fundraisers Must Shift Strategy to Acquire Young Donors

### Young Alumni Overtake Older Alumni

Number of People Turning 30 and 50,  
2006-2026



### Our Future Base of Support

“Every nonprofit in the country—universities, whatever—will be **reliant on Millennials within five to 10 years**. They can’t be dismissed. They need to be understood.”

Scott Mory, Vice President for University Advancement  
Carnegie Mellon University

### Millennial Attitudes Toward Giving

#### Preference for Digital Philanthropy

**70%** Of Millennials say that they give online (v. 34% for mail and 15% for phone)

#### Attachment to Social Causes

**75%** Of Millennials would give to another nonprofit before their alma mater

#### Skepticism of Institutions

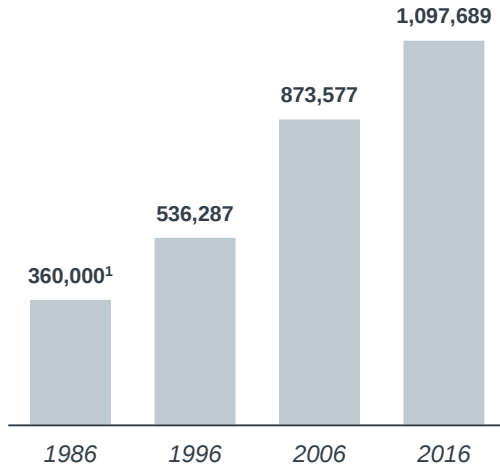
**46%** Of Millennials feel like donations to their alma mater would go into a “black hole”

# Competition Drives Down Donor Counts

## Crowded Philanthropic Sector Contributes to Fundraising Woes

### Unprecedented Growth in the Size of the Sector

*Number of Public Charities, 1986-2016*



### A Fund for Every Passion

“Do you want to give to an organization that focuses on decreasing lead levels in housing so it doesn’t impact children’s health? There’s an organization for that. Do you want to give to an organization that focuses on research for Fragile X Syndrome? There’s an organization for that... Millennial donors want to see their dollars make an impact. The easiest way to do that is to **find an organization that supports your unique interests and give.** In a world with an abundance of choice, that ability is more attainable than ever.”

*“Millennial and Multimedia:  
Fundraising in the Digital Age”  
Ruffalo Noel Levitz ScaleFunder Blog*

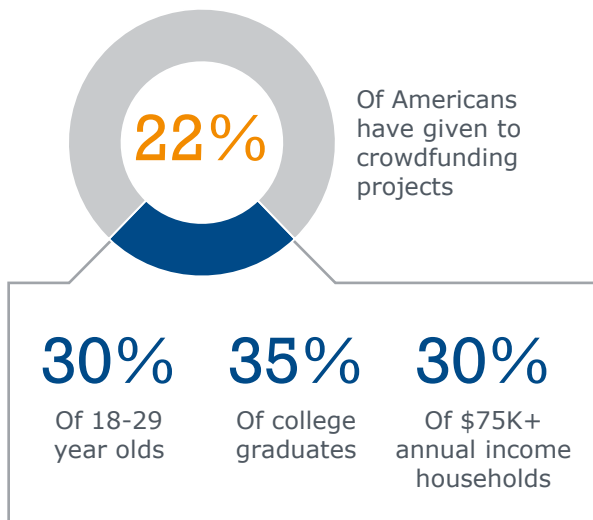


# Crowdfunding Heightens the Competition...

...But Also Provides New Strategy for Innovative University Fundraisers

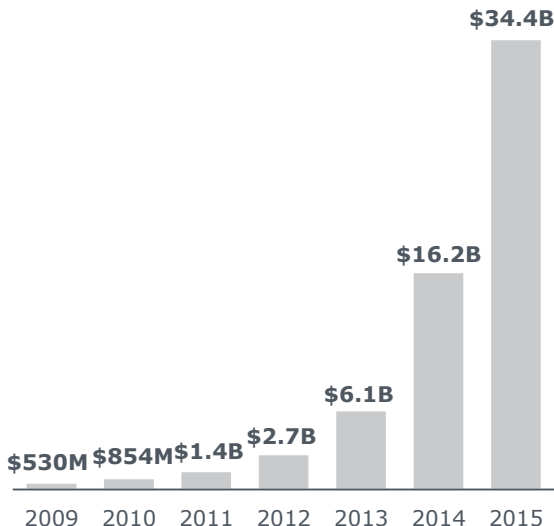
## Donors Increasingly Familiar with Crowdfunding

*Pew Research Center Survey 2015*



## Revenue Gains Underscore Crowdfunding's Rapid Rise

*Global Crowdfunding Revenues, Massolution Crowdfunding Industry Report 2015*



Source: Smith A, "Shared, Collaborative, and On Demand: The New Digital Economy," Pew Research Center, May 19, 2016; Hobe E, "Massolution Posts Research Findings: Crowdfunding Market Grows 167% in 2014, Crowdfunding Platforms Raise \$16.2B," Crowdfunding Insider, March 31, 2015; Advancement Forum interviews and analysis.

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# Adapting Crowdfunding to Higher Education

## Strategies Evolve to Engage Broader Constituencies

### Initial Strategies

#### Student Organizations

Student leaders solicit alumni, parents, and friends

*Benefits:*

- Allows access to students' personal networks
- Contributes to culture of giving on campus

#### Faculty Researchers

Giving platform spotlights groundbreaking research

*Benefits:*

- Popular with faculty; engages stakeholders
- Initial successes can lead to larger grants and gifts

### New Approaches

#### Alumni Fundraisers

Volunteers drive giving from their peers

*Benefits:*

- Makes peer fundraising easy and user-friendly
- Highly shareable through social media and email

#### Central Campaigns

Crowdfunding contributes to ongoing institutional priorities

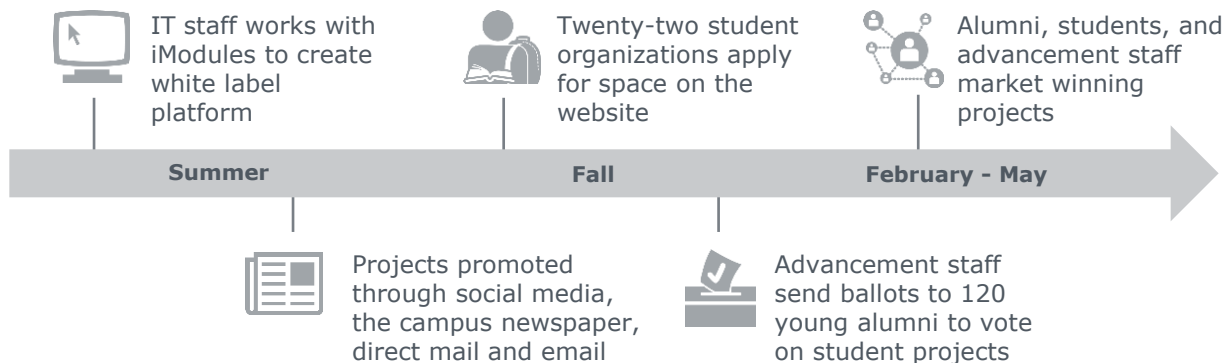
*Benefits:*

- Smaller dollar goals engage young donors
- Major donors appreciate show of popular support

# Engaging Student Organizations

## RPI's WeR Gold Pays in New Donors and Data Collection

### WeR Gold Planning and Launch Process



135

Unique donors  
across all projects

68%

Of all donors were  
first time givers or  
lapsed donors

50%

Of projects received  
full funding



# Doubling Down on What Works

## RPI Grows Crowdfunding with Student Organizations

### A Diverse Portfolio of Projects

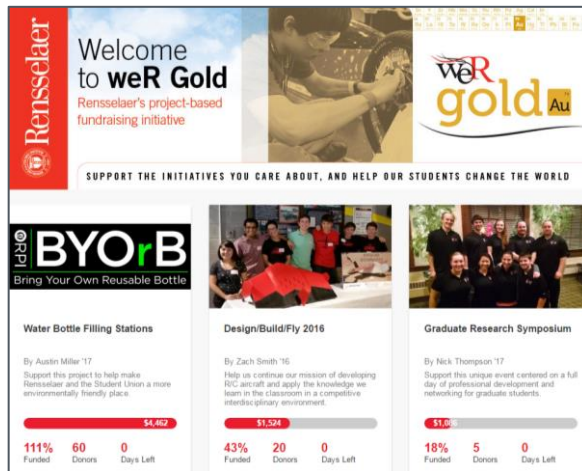
#### *Successful 2014 Campaigns*

- WRPI Radio Station
- Pep Band
- Rensselaer Crew Club
- Rensselaer Electric Vehicle

#### *Successful 2015 Campaigns*

- RPI Players
- Engineers Without Borders
- Design/Build/Fly Airplane Competition
- Engineers for a Sustainable World

## Continued Success in 2016



**543**

Donors

**\$43K**

Dollars Raised

**\$78**

Average Gift

Source: Rensselaer Polytechnic Institute, Troy, NY; RPI WeR Gold Website, <https://impact.rpi.edu/g/wergold>; Advancement Forum interviews and analysis.

# Crowdfunding Faculty Research

## Michigan Technological University's Superior Ideas

### Implementation Steps

- 1 Created an in-house platform with leadership from the Research Development and Marketing Manager
- 2 Selection committee chooses projects based innovation, need for startup or bridge funding, and feasibility.
- 3 Project leaders solicit funds from their social networks and prospective alumni donors



**SUPERIOR  
IDEAS**

**Fund**

real research.

**Submit**

your project.

**Why**

fund our projects?

### Successful Projects



**Can a Good Night's Sleep...**

Sleep disorders affect nearly one in three adults. Since chronic sleep deprivation leads to cardiovascular disease—the number one killer in the United States for almost 100 years—this is a critical health issue. We will investigate sleep disorders in great depth to better understand the

**\$24,875** (funded)
**\$25,000** (goal)
[Contribute](#)



**Mobile Medicine: Bringing Healthcare...**

It's an interesting paradox: villagers in the most remote Ghanaian towns often receive better medical care than those in towns outside of larger cities. With a mobile clinic, we can help mitigate the spread of dangerous diseases and illnesses, and provide some emergency care in these most in

**\$6,319** (funded)
**\$6,000** (goal)
[Contribute](#)

### Superior Ideas Mission Statement

"Increase external support for research, innovation, and creative work that promotes sustainable economic and social development."

# Superior Ideas' Footprint Grows

## Crowdfunding Platform Touches More and More Faculty Projects

### Funding Research, Engaging Donors

“This is a way to leverage interesting ideas...it can help people get started, do a discrete piece of research, or collect data that will enable them to get more funding. It's important for people to understand what researchers are doing, and one of the best ways to understand a project is to become a part of it.”

*David Reed, Vice President for Research,  
Michigan Technological University*

82



Projects completed or ongoing, including about 60 faculty research projects

950



Donations to crowdfunding projects

\$173K

Individual donations to Superior Ideas in past four years

# Alumni-Driven Crowdfunding

## UCLA Gives Alumni the Tools To Fundraise

### Three Types of Alumni-Driven Campaigns



#### Regional Groups

Fundraising challenges for alumni in a geographic area, such as Las Vegas, New York, Oregon, or Washington, DC



#### Diversity Initiatives

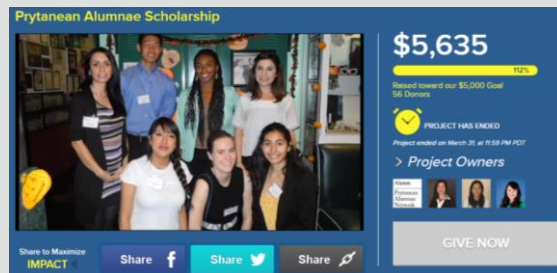
Scholarships to promote diversity, including for LGBTQ and Latino students



#### Affinity Projects

Alumni who participated in affinity clubs or wish to support a particular cause

### A Snapshot of a Campaign



*Project Leaders:* Alumnae from Classes of 1986, 2010, and 2012

*Affinity:* The Prytanean Society, the oldest US women's collegiate honorary society

*Fund Goal:* Offer more need-based scholarships; increase scholarship amount

# Crowdfunding for Institutional Priorities

## Rutgers University Uses Platform as Part of Multichannel Strategy

### Fundraising for a Faculty Chair

#### 1 Identify Priorities

Endowed chair in gender and media studies included as part of **\$1B** campaign

#### 2 Launch Crowdfunding Campaign

Initial drive raises over **\$56,000** from 193 individual donors, earns media attention

#### 3 Solicit Major Gifts

Initiative receives **\$2.9M** in corporate, foundation, and major gifts



Source: "Rutgers Surpasses \$2M Mark for Gloria Steinem Endowed Chair," Ms. Magazine, January 4, 2016, <http://msmagazine.com/blog/2016/01/04/rutgers-surpasses-2-million-mark-for-gloria-steinem-endowed-chair/>; Women in the World Staff, "University Raises More than \$2M for Gloria Steinem Endowed Chair," New York Times Magazine, January 06, 2016; <http://nytlive.nytimes.com/womenintheworld/2016/01/06/university-raises-more-than-2-million-for-gloria-steinem-endowed-chair/>.

# Expand Support for Campus Growth



## Finding Backers for Chapel Renovation Online

### Morehouse College's Indiegogo Campaign Page



**Closed**

#### Restore King Chapel Now. Every Day & Dollar Counts

Help us give the Martin Luther King Jr. International Chapel the amazing future it deserves!

 **Elise Durham**  
Atlanta, United States  
[About](#)

**\$5,048,213** USD raised by 282 backers

63% of \$8,000,000 [flexible goal](#)

### A Catalyst for Major Gifts...

**\$5M**

Initial gift to launch  
crowdfunding campaign

+

### ...And for Smaller Donations

**\$48K**

In smaller gifts from younger  
alumni (\$171 average gift)

Source: Morehouse College Chapel I Restoration Landing Page; <http://www.morehouse.edu/chapelrestorationproject/the-restoration/>; Ramsey D.X., "Morehouse College Launches Crowdfunding Campaign," Ebony Magazine, May 14, 2015; <http://www.ebony.com/news-views/morehouse-college-launches-crowdfunding-043#axzz4JaVXJSw1>; Advancement Forum interviews and analysis.

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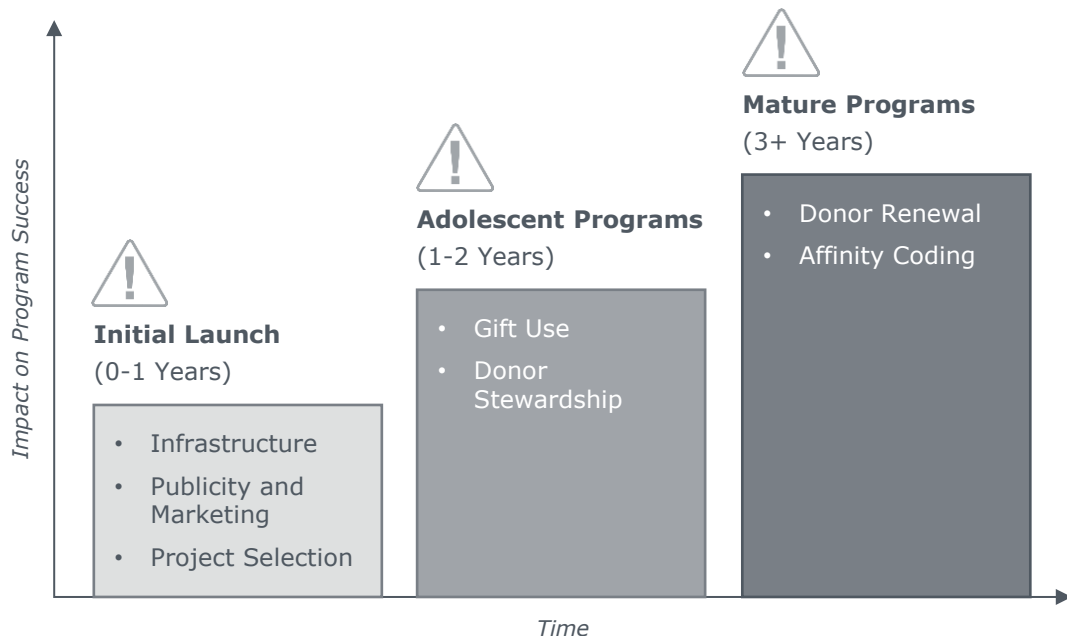
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# A Steep Climb Towards Mastery

New Challenges Emerge as Program Maturity Increase

## A Road Map of Common Implementation Challenges



# To Build or to Buy?

## The Crowdfunding Platform Question on Everyone's Mind



### External Platform Vendor

#### Pros

- Shorter build/implementation timeline
- Does not require any technical expertise
- Frequent updates, added functionalities

#### Cons:

- Reliant on off site customer service for support; sometimes delays ensue
- Ongoing partnership costs



### Internally Designed Platform

#### Pros

- Customized to comply with specific institutional needs and policies
- Low ongoing costs to maintain

#### Cons

- Requires additional on-site staff
- Staff have less capacity to develop updates

## A Brief Sample of Current Vendors

**GIVECAMPUS**



**GIVECORPS**



# Elevate Awareness on Campus

## Stakeholder Outreach Ensures Good Projects Will Come to the Surface

### Dalhousie University's Planned Promotional Campaign



**Engage Academic Stakeholders**



#### **Dean's Council Presentation**

Introduce faculty to alternative fundraising platform



**Strategize with Advancement Officers**



#### **Alumni and Development Officer Consultations**

Solicit leads for potential fundraising projects



**Announce the Launch to All Constituents**



#### **University Magazine Feature**

Debut platform in widely circulated article



### **Future Partners: Student Services and Athletics**

In the coming years, advancement staff plan to collaborate more closely with additional student-facing campus partners to surface projects

# The Art (and Science) of Curating Projects

## Selection Process Elevates Highest-Potential Initiatives

### At Dalhousie, Rigorous Vetting...

#### Key Questions from Project Evaluation Phase

Who will be your project team? \_\_\_\_\_

Why would a donor want to support this project? \_\_\_\_\_

Who are your networks and communities from which you want/expect support? \_\_\_\_\_

What is the smallest amount of money your project needs to succeed? \_\_\_\_\_

How will your project make an impact on the issue/need? \_\_\_\_\_

**Can you commit the time and effort to run a successful crowdfunding campaign?** \_\_\_\_\_

- ✓ All projects must have departmental sponsorship
- ✓ Acceptance rate approximately 50%
- ✓ Approved groups receive extensive onboarding

### ...Leads to Campaign Successes

#### Dalhousie Student Refugee Fund

**\$31K** Total Dollars Raised

**127%** Of funding goal met

#### Earth Sciences Advanced Field School

**\$23K** Total Dollars Raised

**116%** Of funding goal met

# Designing the Application Process

## Three Approaches to Selecting Winning Projects



### Tiered Staff Selection

#### Arizona State University

- Staff assess strengths of applications submitted online
- Qualifying groups asked to meet with staff to discuss campaign expectations
- **Selected groups fully prepared to undertake crowdfunding work**



### Committee Support

#### University of Delaware

- 10-15 person cross-functional committee
- Representation from finance, legal, advancement, and student services
- Monthly meetings during initial pilot phase
- **Diverse expertise ensured smooth launch**



### Alumni Vote

#### George Washington University

- Alumni asked to vote to select crowdfunding participants
- Digital voting system encouraged viral sharing
- **7,000 alumni submitted ballots**

### Online Tool Available

*Crowdfunding Project Selection Guide* available at [www.eab.com](http://www.eab.com)



# Solving the Project Accountability Challenge

## Oversight Critical for Risk and Reputation Management

### Inappropriate Use of Funds



#### Solution

Assign faculty or staff sponsor financial oversight and require project leaders to undergo development training

### Project Fails to Meet or Exceeds Goal



#### Solution

Direct all excess funds or funds from projects that fall short of goal to the sponsoring department's unrestricted fund

### Illegal or Unethical Activities



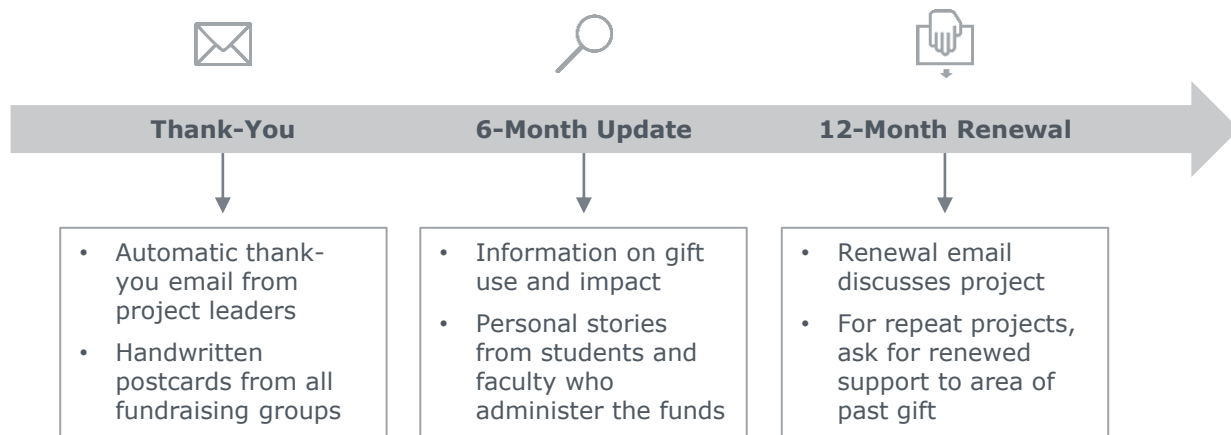
#### Solution

Create a terms and conditions policy that allows the institution to issue cease and desist orders for noncompliance

# An Ongoing Strategy for Showing Impact

Periodic Communications from Project Leaders Positions Donors to Renew

## Crowdfunding Stewardship at the University of Pittsburgh



“If someone gives very specifically to a project, they may be turned off by a general solicitation from Pitt. But if they get a personalized stewardship piece acknowledging that we know they care about this specific thing, they might give again.”

*Morgan Walbert, EngagePitt Development Coordinator  
University of Pittsburgh*

# Flash in the Pan or Sustainable Pipeline?

## Advancement Leaders Differ on Crowdfunding's Long-Term Impact



### Nothing but Impulse Gifts

"Crowdfunding looks good initially. It brings in a lot of people who have never given before. At a time when we're wringing our hands about how to expand the pipeline, crowdfunding seems like candy. **But that's just it—it's empty calories.** Those donors won't come back. I'd estimate that 90% of these new donors are making impulse gifts. They're not people we can count on in later years to provide our base of support."

*Chief Advancement Officer  
Public Research University*



### We Can Inflect Renewals

"There's a lot of concern among my peers about renewing crowdfunding donors. The way I see it, whether it has a long-term impact or not is up to us. It's about how we end up approaching these new donors. If we just send them our typical lybunt appeals, then no, of course they won't renew. **If we adopt a smart, segmented renewal strategy, I think we have a chance** to build giving relationships for the long haul."

*Chief Advancement Officer  
Public Master's University*

# Beyond a Single Project

## Three Approaches to Renewing Crowdfunding Donors

### Repeat Successful Projects

*Arizona State University*

- Identify ongoing or annually occurring projects
- Collaborate with project leaders to reapproach donors



### Solicit for Related Projects

*Carnegie Mellon University*

- Identify ongoing or annually occurring projects
- Collaborate with project leaders to reapproach donors



### Customize Renewal Messaging

*Temple University*

- Segment crowdfunding donors in lybunt appeals
- Underscore donor impact rather than “we need your help”



# A Rich Source of Affinity Data

## Arizona State Uses Call Center to Identify What Inspires Donors to Give

### Decoding Donor Motivations

“A few years ago, we started thinking about changing the way we used the call center. We said, ‘Why don’t we take a cue from major gifts and do discovery-style calls?’ **Now, as we bring in crowdfunding donors, we use the call center to figure out the ‘why’ of their support.** Sometimes it’s, ‘My nephew reached out to me.’ But other times, it’s, ‘I’m passionate about what this group is doing.’”

*Shad Hanselman  
Assistant Vice President of Development  
Arizona State University*



### Discovery-Style Calls

“Why did you support this project?”



*Passion for  
the Cause*



*Personal  
Connection*

### Opportunities to Engage Passion-Driven Donors

- 1 Connect to Project’s Home Department
- 2 Recommend Related Crowdfunding Projects

# Social Media Sheds Light on Non-Donor Affinities

## Facebook Data Helps Identify Highest-Potential Solicitation Theme

### MIT's Strategic Solicitation Development Process

#### Assess Engagement Analytics

Identify priority population to target

Analyze engagement data to find what resonates best

#### Craft into Campaign

Find ready-made solicitation opportunity

Send email appeal to all non-donors for selected fund

#### Robotics Facebook Post Overperforms

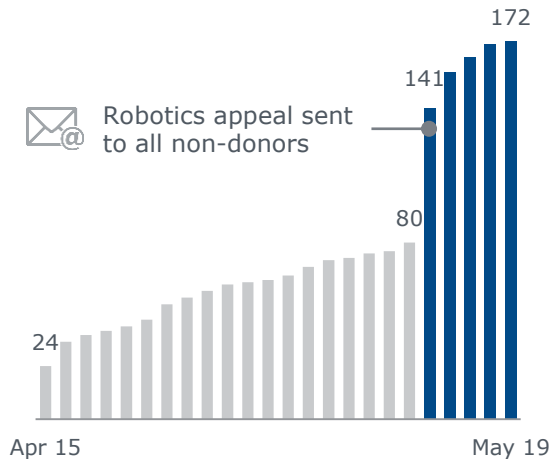


# Robotics Solicitation Strikes a Chord

## Analytics Point to the Right Cause for Non-Donors

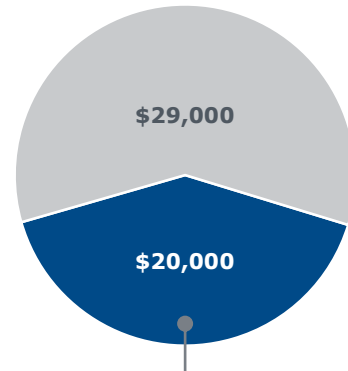
### Email Appeal Nearly Doubles Donors...

*Total Robotics Campaign Donors,  
April-May 2015*



### ...And Surfaces Leadership Gift from Non-Donor

*Total Robotics Campaign Dollars*

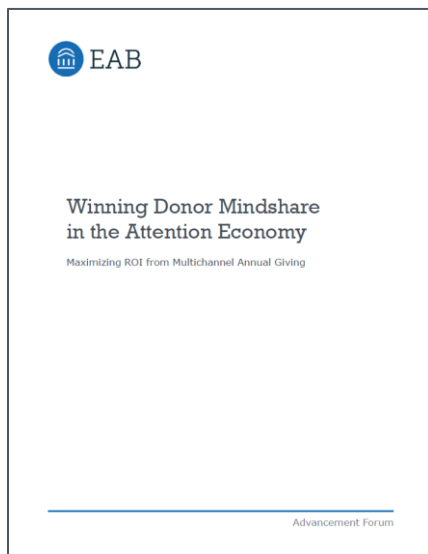


Targeted solicitation yields \$20,000 gift from a **rated non-donor** who had never taken a visit

# Winning Donor Mindshare in the Attention Economy

## Innovating Beyond Crowdfunding in Annual Giving

### Forthcoming Resources from EAB



#### Book-Length Publication

Every best practice from the study compiled in a bound publication, featuring implementation guidance and worksheets for your team

#### Toolkits and Templates

Guides and examples from profiled institutions that help advancement leaders avoid “reinventing the wheel” and streamline implementation

#### Webinar Series

Each section spotlighted for in-depth discussion in 30-minute webinar sessions; perfect for team meetings and brown-bag workshops

#### Onsite Presentations

Visit from an EAB researcher to share findings from the study with a task force, leadership committee, or the whole advancement division

# The Power of the Crowd

New Frontiers in College and University Crowdfunding

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