



The Rise of the Donor Investor

The Donor Investor Imperative Part One

Advancement Forum

Donor Investor Imperative Webconference Series



Part One of a Four-Part Sequence

1 The Rise of the Donor Investor

2 Sustainably Sourcing Big Ideas
February 22

3 Communicating the Impact of Big Ideas
March 8

4 Perfecting the Pitch to Appeal to Today's Donors
March 29

▶ **Register for forthcoming webconferences at:**

<https://www.eab.com/research-andinsights/advancementforum/vents/webconferences/2017/the-donor-investor-imperative>

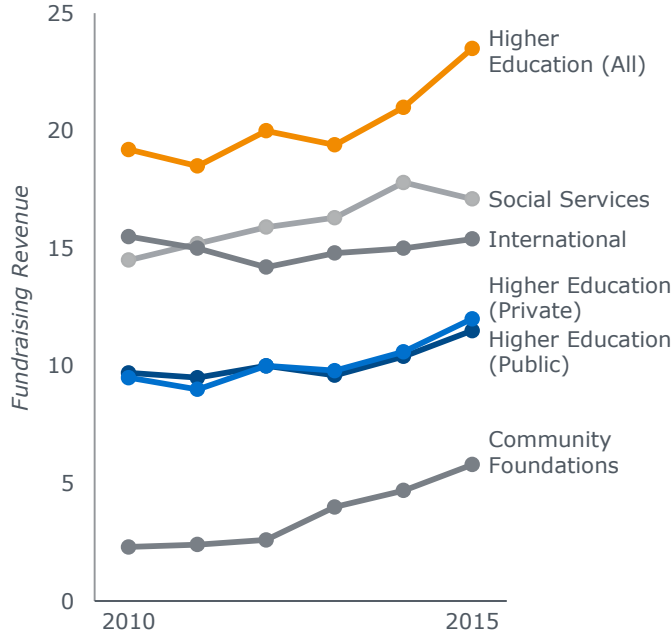


Giving to Higher Education at an All-Time High

Driven by the Mega-Campaigns of the Last Decade

How Causes Have Fared Over the Years

In Billions of Dollars



Recent Billion-Dollar Campaigns



\$6B



\$5B



UNIVERSITY OF TORONTO

\$2B



\$1.2B



MICHIGAN STATE UNIVERSITY

\$1.5B

80

\$1B+ campaigns completed in last 10 years

50

\$1B+ campaigns currently underway

Source: Olsen-Phillips P, O'Leary B, "How 18 Causes Have Fared Through the Years," *Chronicle of Philanthropy*, Oct. 29, 2015, <https://philanthropy.com/interactives/phil400-chart-2015>; Grenzbach Glier and Associates, "Billion Dollar Capital Campaigns," Mar. 15, 2015, <http://www.grenzbachglier.com/assets/files/GG+A%20-%20Billion%20Dollar%20Campaign%20List%20-%2003-15-2015.pdf>; Advancement Forum interviews and analysis.



A Strong Track Record of Million-Dollar Gifts

And Not Just at Elite Colleges and Universities

\$1M+ Gifts Across Higher Education

		Total Value of Gifts ¹	Average Gift Size ¹	Largest Gift ²
Baccalaureate Institutions	Public	\$56M	\$2.5M	\$11M
	Private	\$863M	\$5M	\$102M
	Total	\$919M	\$4.7M	
Master's Institutions	Public	\$378M	\$3.1M	\$45M
	Private	\$757M	\$5M	\$20M
	Total	\$1.1B	\$4.2M	
Research Institutions	Public	\$5.6B	\$8.4M	\$84M
	Private	\$8.4B	\$21M	\$306M
	Total	\$14B	\$13.1M	

1) From a living individual, couple, or family in FY 2010-2014, as reported by the Lilly Family School of Philanthropy.

2) From a living individual in FY 2010-2015 as reported by the Council for Aid to Education.

Emerging Challenges Impeding Progress

Three Main Pain Points Keep Us From Realizing Principal Gift Success

Strategic Plan Inadequate



- Institutional uniqueness lost in favor of broad priority areas
- Many priorities merit internal funding
- Statement of priorities too broad for advancement

Lack of Ideas on a Grand Scale



- Deans prioritize immediate needs over long-term vision
- Faculty work in silos and are unwilling to share data
- Research projects not linked to large-scale impact

A New Breed of Donor



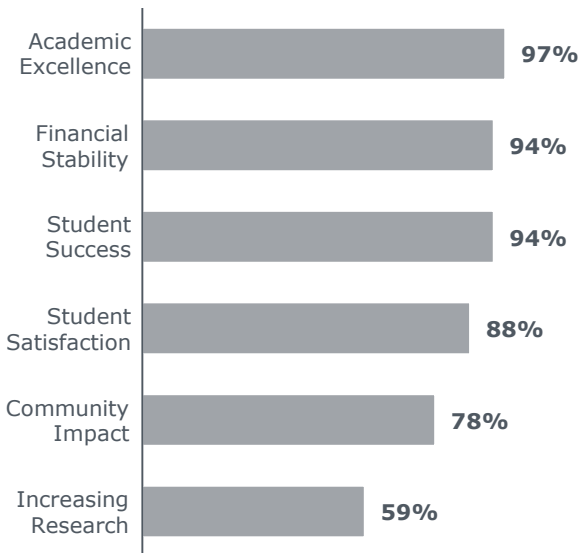
- Donor investors seek long-term sustainable impact
- Expectation of deep relationship with project leaders
- Desire for hands-on engagement and influence

What Got Us Here Won't Get Us There

Reflecting on a Decade of Campaign Priorities

Strategic Plan Goals Become Campaign Priorities

EAB Analysis of Strategic Plans



Higher Education's Pinnacle Gifts Cross Silos



Johns Hopkins University

Michael Bloomberg pledges **\$250M** for interdisciplinary research



Santa Clara University

Jeff and Karen Miller pledge **\$25M** for center for social entrepreneurship



Swarthmore College

Eugene Lang pledges **\$50M** to foster links between engineering and the liberal arts



University of Oregon

Connie and Steve Ballmer give **\$20M** for human development faculty cluster



A Lack of Ideas on a Grand Scale

Desperately Seeking Projects to Inspire Donors

“What I’m not finding at our institution are enough big ideas that will take the \$1M gift and make that next gift \$5M. The ideas are very operational. They’re not thinking longer-term or coming to me and saying “if I had a \$20M gift, I could do X, Y, and Z.” We’re just not seeing those conversations emerge.”

*Vice President, Development
Public Research Institution*

Internal Obstacles Impede Progress

Factors Contributing to Inability to Think Big



Current Academic Culture

- Deans focus on day-to-day operational needs and lack long-term vision
- Deans and department heads actively incentivized to think within their purview
- Scarcity of resources at odds with need for big-picture thinking

“Faculty are ultimately **preservationists of the Academy**. They have willingly come along on enrollment because they know that tuition is connected to their success. When faculty start to see that **their stability is contingent on our ability to raise funds from alumni**, that those are the stakes, they are likely to become more willing to help us.”

*Terrence Sawyer
Vice President, Advancement
Loyola University Maryland*



Advancement-Faculty Disconnect

- Advancement and academic leadership unaware of ongoing faculty projects
- Faculty don't understand or trust advancement
- We ask deans and faculty to do something with little previous training

“I don't wait for deans to come to me with ideas. We constantly educate them on what would be a good fundraising opportunity. If you're not in that dialogue, and you don't know how to have that conversation, **you will be the campus ATM**. The line will form at your door.”

*Lisa Raiola
Vice President, Institutional Advancement
Roger Williams University*



A New Breed of Donor

With Heightened Expectations for the Organizations They Support

An Emerging Donor on Everyone's Mind



Strategic Philanthropy: The Shift in Donor Behavior That's Shaking Up the Nonprofit Sector



Philanthropy: How to Give Away \$1B

THE CHAIRMAN OF
PHILANTHROPY

Treat Donors Like Investors, a Top Philanthropist Urges

“Donors everywhere are much more strategic and thoughtful about their giving. They want to see data and outcomes. They constantly ask ‘Can you show me the numbers?’”

*Heidi McCrory
Vice President, College Relations
Kenyon College*

The Donor-Investor Seeks



Transformative Impact

Evidence that their gift has led to change that would not otherwise be possible



Compelling Ideas

Innovative, large-scale solutions to local, national, or global problems



Credible Connections

Investment in people who can link big ideas to impact

Donors Seek Transformative Impact

Affinity to Issues, Not Institutions

Donors Are Impact-Centric

62%

Want information on how the organization plans to use the gift

75%

Want information on results achieved with their gift

64%

Want stories about people who were helped

How Next Generation Donors Consider Philanthropic Investments¹

- 1 Setting Goals**
First decide philanthropic goals, then search for potential recipients
- 2 Evaluating Organizations**
Conduct research and due diligence before deciding what to support
- 3 Solving Problems**
Fund efforts that address root causes and attempt systematic solutions
- 4 Analyzing Results**
Prefer information on proven effectiveness or measureable impact

Source: Burk P, "The Burk Donor Survey: Where Philanthropy Is Headed in 2013," Cygnus Applied Research, Inc., Sept. 2013; Johnson J, "Including the Young and the Rich," *New York Times*, Apr. 18, 2014, www.nytimes.com/2014/04/20/fashion/white-househosts-next-generation-young-and-rich.html?_r=2; Johnson Center for Philanthropy, 21/64, "#NextGenDonors: Respecting Legacy, Revolutionizing Philanthropy," 2013, www.nextgendonors.org/wp-nextgendonors/wp-content/uploads/next-gen-donor-reportupdated.pdf; *Fulfilling the Donor Investor Mandate*, Philanthropy Leadership Council, The Advisory Board Company 2014, 11; Advancement Forum interviews and analysis.

1) Survey participants were individuals aged 21 to 40 years-old who were "currently or potentially active in their families' significant philanthropic processes and/or who are wealth creators themselves and currently or potentially active in their own philanthropy."

MacArthur Foundation Sets the Bar

100&Change

Our Strategy

100&Change is a MacArthur Foundation competition for a \$100 million grant to fund a single proposal that promises real and measurable progress in solving a critical problem of our time. We will consider proposals from any field or problem area.

Our Approach

Some problems cannot be solved by grants of the size that foundations typically provide. By a level far above what is typical in philanthropy, we can address problems and support solutions radically different in scale, scope, and complexity. \$100 million is a large enough grant to tackle a serious problem and its solution in a meaningful and lasting way. We hope that 100&Change conversation about solutions and about how we can solve some of our most significant problems.

The openness of the 100&Change competition is a counterbalance to the Foundation's big bets that strive for transformational impact in areas identified by the Foundation's board and staff. We recognize that we do not know it all and have designed 100&Change to be agnostic with respect to field or problem area.

We are seeking proposals that articulate both a problem and its solution. Competitive proposals must address a meaningful problem and provide a solution that is verifiable, durable, and feasible.

The Selection Process

We have designed a selection process that is fair, open, and transparent. In the first round, panels of external judges will review and score proposals using a common rubric. Based on the reviews, up to ten semifinalists will be asked to provide further details about their proposals and engagement with targeted communities. The semifinalists will also receive technical assistance from an expert team who will assess and advise plans for implementation of the proposed solution. From this group, a smaller number of finalists will be selected. These finalists will present their solutions at a public event in the fall of 2017. Selection of the final award recipient rests with MacArthur's Board of Trustees.

Specific terms and conditions are available on the [competition website](#). The competition is open from Thursday, June 2, 2016; applications are due no later than Monday, October 3, 2016, at 11:00 a.m. Central. However, you must first register by Friday, September 2, 2016, at 11:00 a.m. Central.

\$100M grant competition open to anyone in any field anywhere

Goal of solving "a critical problem affecting people, places, or the planet."

Impact must be "meaningful, verifiable, durable, and feasible."

Transparent selection process

Others Follow Suit



“By making big bets today, we will dramatically expand opportunities for all.”

- ▶ Goals: advancing human potential and promoting equal opportunity
- ▶ Focus areas: science, education
- ▶ Researchers, advocates, engineers, and scientists work together to find breakthroughs and create new technologies

“Donors are interested in substance. They are trying to achieve something in the world, and they can use universities to do that. What we have to do is convince them that **a university is a good investment for how they want to change the world**. That information is only going to come from the academic leaders.”

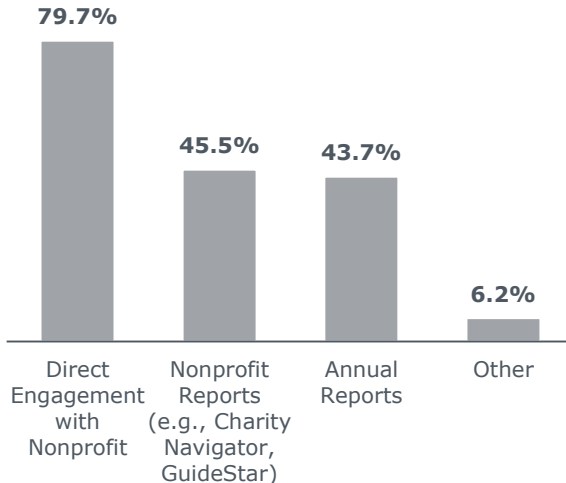
Provost, Canadian Research Institution

Donors Seek Credible Connections

Donors Engage with Leaders to Evaluate the Impact of Their Gifts

Direct Engagement Favored as an Evaluation Tool

How High Net Worth Philanthropists Evaluate Organizations



Donors Invest in People

“Any nonprofit is only as good as the people who run it. **At the end of the day, you’re investing in people...** It’s a lot more informative to have a conversation with whoever is carrying out the group’s mission than to read about them online.

Carrie Morgridge
 Vice President, Morgridge Family Foundation
 Author, *Every Gift Matters: How Your Passion Can Change the World*

Alumni Invest in Faculty



Of alumni consider relationships with their professors to be a primary source of affinity for their college, university, or school

Source: “The 2014 U.S. Trust Study of High Net Worth Philanthropy,” US Trust, Oct. 2014; Morgridge C, *Every Gift Matters: How Your Passion Can Change the World*, Austin: Greenleaf Book Group, 2015, 38; “Alumni Attitude Study,” Performance Enhancement Group, in Henderson N, “It’s Academic,” Council for Advancement and Support of Education, Jan. 2014, http://www.case.org/Publications_and_Products/2014/January_2014/It%E2%80%99s_Academic.html; Advancement Forum interviews and analysis.

What Only Our Academic Partners Can Do

Donor Expectations Require Renewed Partnership

Current Challenges



Compelling Ideas

- Deans have a scarcity mindset
- Disconnect between deans and faculty activities



Transformative Impact

- Faculty unaware of reasons to share results internally
- Deans unaware of importance of bigger-picture impact



Credible Connections

- Academic leaders ill-equipped to communicate their expertise to donors
- Advancement leaders ask faculty for the wrong things



Integral Opportunities



Sourcing Big Ideas



Communicating the Impact of Big Ideas



Perfecting the Pitch

Discussion/Self-Reflection and Implementation Guide



- ▶ Identify challenges on campus impeding principal gift success
- ▶ Determine how you meet the expectations of donor investors
- ▶ Decide on next steps for advancement staff members
- ▶ Prioritize future webconferences in this series to attend

Evaluating Today's Session



Please take a minute to complete our survey about today's webconference.

Contact Information



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