

The Chief Advancement Officer & Chief Business Officer: Stakeholder Engagement Guide

How to Use This Guide

This Stakeholder Engagement Guide belongs to the "[Chief Advancement Officer Onboarding Center](#)," an Advancement Forum initiative that helps incoming advancement leaders hit the ground running in their first six to nine months.

This document outlines key questions, relationship milestones, and mutual interdependencies that undergird the effective relationship between a college or university chief advancement officer ("CAO") and the senior business, finance, and administration officer ("CBO"). Incoming CAOs should consult it to plan how they will engage their counterpart and to develop the agenda of initial meetings.

Note on Organizational Structures: This document envisions a single business, finance, and administration counterpart. However, organizational structure vary across institutions and therefore CAOs should adapt this guide to their situation.

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Context and Intelligence to Gather in Advance

The CAO should uncover information around the following themes by surveying their staff or by collecting it in the early weeks of their tenure.

Role of Fundraising and the Foundation in Institutional Finance

- What is the importance of development revenue (both new money and endowment payout) in the context of the overall institution's budget? How are unrestricted dollars used?
- What has been the historical attitude towards restricted or designated giving?
- How important are fundraising dollars to cash flow and liquidity? To what extent are anticipated new philanthropic dollars incorporated into regular budgets?
- Are nearly all of our dedicated fund accounts used regularly, with few dollars tied up in "languishing" funds? What are our trouble areas where this is not the case? Is the money "swept out" if unused?
- What are our "underwater" accounts (market value below principal)?
- How or to what extent do we work to modify gift designations? What does this process look like in our state?
- Which agreements cover shared resources between the institution and any related foundations or entities? What is the health of those partnerships? Across what entities are funds transferred?

Alignment Between Fundraising and Finance in Accounting and Reporting Standards

- Where does the institution's standards for accounting vary from CASE's Reporting Standards & Management Guidelines? What have been the historical justifications for these divergences?
- How or to what extent are pledges valued using accrual accounting (i.e., applying some adjustment for collections rate and risk, factoring in time value of money)? How does this differ than how they are valued by advancement?
- When do we consider something an outright "gift" versus something that would be considered a sponsored contract (i.e., funding for research, training, or public service programs) or a gift for which the university is merely acting as a pass-through agent?
- What is our policy for counting and valuing various types of planned gifts (e.g., matured bequests, irrevocable gifts, deferred commitments)? What level of documentation is required?
- What do we count towards the campaign? Are we incorporating a "reach-back" phase?
- How does advancement historically calculate total production? How have we historically calculated popular effectiveness metrics like "return on investment" or "cost to raise a dollar?"

Endowment Management

- What are the major components of our endowment? How has the value changed over time?
- How is the endowment managed and invested? What have been our annualized returns?
- How has the spending rate varied in recent years? How are endowment earnings distributed? Annually or quarterly? What is our algorithm (e.g., long-term market values, annual or quarterly market rate, based on prior year's distribution, adjusted for inflation)?

Funding the Advancement Enterprise

- What are the funding sources that support the advancement division/foundation operating costs (e.g., general fund, administrative endowment fees, gift taxes, special endowments, affinity revenue)?
- How do donors perceive endowment fees or gift taxes?
- Is any cost allocation or charge-back formula in place to assess advancement costs against academic or administrative units in a larger budget model?
- Are campaign expenses funded differently? To what extent?
- How do we budget for travel expenses as we add gift officers (which can often be as high as one third to one half their salary)?
- What are the division's major multi-year contracts and vendors?

Initial Meetings

New CAOs may ask for biweekly or monthly meetings to span their first few months on the job, to generally build trust and rapport, and to work through a series of initial discussions around priorities, workflows, and decisions. We recommend using these initial sessions to dive deep in the areas below.

Historical Relationship Between Finance and Advancement Divisions

- What types of revenue projections has advancement typically shared with financial leaders? How are these perceived?
- What role has the CBO played historically in setting development goals with the CAO? Specifically, capital, endowment, and unrestricted goals?
- What are the frequent transactions between the advancement and finance divisions, at the mid-staff level? What members of your team should I view as resources and in what areas?

- What is the role of advancement in capital planning and construction?

Budget Processes

- What are the milestones associated with the annual budgeting process?
- How can the CAO be effective in this process? What deliverables are required at various stages?
- What should I know about our procurement and staffing processes?

Expectation-Setting and Telling the ROI Story

- How would the CBO assess the current effectiveness of the institution's investment in development activities across the last 2-3 years?
- What does s/he understand most and least about advancement? What is s/he interested in more exposure to?
- To what extent does the CBO understand the concept of donor-centric fundraising and how donors vary in their timelines for giving and their passions?
- To what extent does the CBO grasp the tension between total dollars raised and pipeline development, and the long-term activities universities must undertake to build a culture of philanthropy from students to alumni and from the annual fund to principal gifts?
- To what extent is the CBO aware of rising donor interest in quantifying impact and greater transparency in how funds are deployed? How is the finance division involved in stewardship reporting?
- Does the CBO understand the drawback and lost nuance of popular metrics like "alumni participation rate" or "cost to raise a dollar" or "return on investment"?

Strengthening the Partnership Between Advancement and Finance

- Tell me about the foundation/advancement division that I am inheriting. Is there anyone on my staff you would call out positively or negatively? Anything I should be careful about?
- Is there anything my predecessor did that you would recommend I keep doing? Is there anything you would want me to do differently?
- Is there anything I should absolutely not do? Are there any areas of campus where you think I should devote special attention to repair a relationship?
- How do people here view development/the foundation? What do you think we do well? What do we do that frustrates people?

Ongoing Collaboration

After initial meetings, CAOs and CBOs typically meet every other month or quarterly, except for presidential cabinet or executive team meetings at which they are both attendees.

Regular agenda items typically include the following:

- Budget planning: anticipating next year's budgetary items, planning for larger one-time expenses, requesting to reprogram salary dollars that accumulate from vacant positions, etc.
- Checking in on revenue projections and progress to goal
- Negotiating how large, complex gifts will be reported or credited, if there is disagreement between development staff and accounting staff

- Advocating for changes to processes that are not donor-friendly and for flexibility in how guidelines are interpreted
- Collaborating as needed around capital projects that may be funded partially by philanthropy
- Seeking assistance on validating or contributing to gift proposals that include multiple scenarios of endowment payouts, current-use dollars