

Competing in Advancement's Era of Big Bets: Navigating the Participation- Pipeline Tradeoff

Presented by Dr. Jenna Dell, Director, Research Advisory Services

The Five Defining Challenges of the Next Decade



Advancement Leaders Must Navigate a Fraught Path into the Future

1



Maximizing **Fundraiser Efficiency**

2



Rightsizing Investments in **Digital Transformation**

3



Navigating the **Participation-Pipeline Tradeoff**

4



Scaling—and Sustaining—**Principal Gift Success**

5



Realigning **Core Mission** and Revenue Growth

The Participation-Pipeline Tradeoff

With Scarce Resources, Advancement Leaders Must Make Tough Choices

\$1

To spend
on annual
giving, **do you
prioritize...**



Many small donors
giving small
participation gifts

AND



A few donors on a **fast
track to major gifts**

“

Lots of annual giving programs classify themselves as pipeline programs, but it's in name only. They don't change strategies. **Few institutions have the staffing and resources to do both participation and pipeline at all, not to mention well.**

*Lacie LaRue, Executive Director
of Development Strategies
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Participation—Our Top Annual Giving Priority

Chasing Rankings, Many Advancement Leaders Focus on Boosting APR



How U.S. News Calculated the Best Colleges Rankings

Metric	2019 Weight	2018 Weight
Outcomes	35% ↑	30%
Faculty Resources	20%	20%
Expert Opinion	20% ↓	22.5%
Financial Resources	10%	10%
Student Excellence	10% ↓	12.5%
Alumni Giving	5%	5%

► *"Giving measures student satisfaction and post-graduate engagement."*

“

Misaligned Priorities?

"The question we have to answer is how much do we want to focus on dollars versus participation. We have trustees and key leaders who have Ivy envy, and because of that, they tend to place more emphasis on alumni participation rates. Honestly, **I think if we did well with dollars but participation slid, it would be a problem politically.**"

*Executive Director, Development
Private Research University*

”

Best Practices Abound for Driving Participation



EAB Research Illustrates the Path to Growth



Issue a Timebound Call to Action

- Giving days
- Concentrated email blitzes
- Consecutive giving societies



Diversify Your Appeal Channels

- Display ad marketing
- Text message campaigns
- Social media ambassadors



Reorient the Ask Around Causes

- Cause-based websites
- Affinity-segmented solicitations
- Crowdfunding campaigns



Remove Hidden Barriers to Giving

- Quick-complete forms
- A-B tested email campaigns
- Monthly giving initiatives



Increase the Number of Nudges

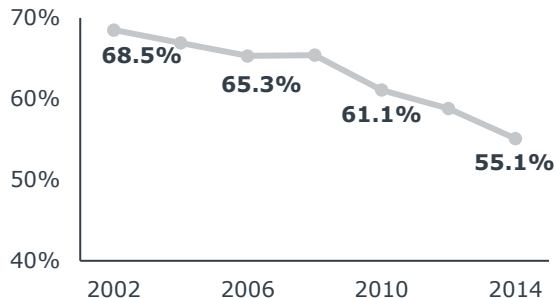
- Pre-appeal content marketing
- Automated donor journeys
- Abandon-gift reminders

Fighting an Uphill Participation Battle

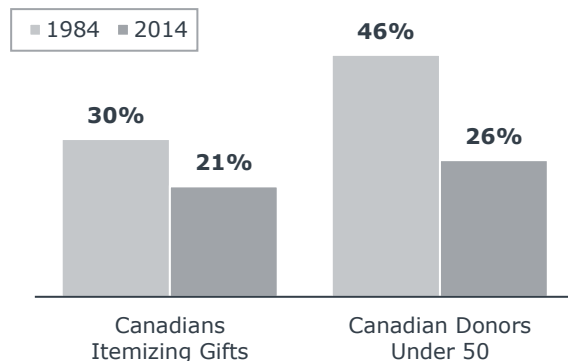
As Philanthropy Falls Out of Favor, Running Faster Gets Us Nowhere

Donor Counts Drop in the USA

% of Americans Giving to Charity, 2002-2014



Canada Sees Declines, Too



New Tax Law Exacerbates Problems



Number of Donors Down in First Year Under Trump's Tax Law

TIME

President Trump's Tax Law Has Made Americans Less Generous

Source: Una Osili and Sasha Zarins, "[Fewer Americans are giving money to charity but total donations are at record levels anyways](#)," *The Conversation*, July 3, 2018; Nicole Nakoneshny, "[Giving by Canadians: A 30 Year Retrospective...and What It Means for the Way Forward](#)," AFP, March 1, 2018; Laura Davison, "[President Trump's Tax Law Has Made Americans Less Generous, Charities Say](#)," *Time*, June 18, 2019; Advancement Forum interviews and analysis.

Swimming With the Tide

Retail-Plus Programs Add Altruism onto Daily Transactions

Amazon Bolts Philanthropy onto Daily Life



\$22.5M

Per year donated to charitable organizations

\$27B

In total transactions

310M

Active Amazon users

Benefiting from a Captive Audience

“ AmazonSmile offers one significant benefit to nonprofits: **passive, long-term donations**. Unlike other channels, [it] offers donations based on **already-engaged consumers**.”

Joanne Fritz, The Balance

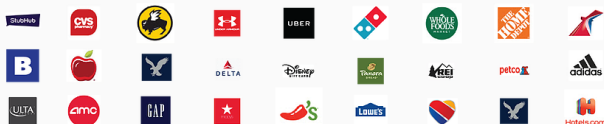
A Participation Strategy for a Non-Philanthropic Generation



Robert Morris Partners with ShoppingBoss for 'Skim' Gifts

Introducing the RMU Cash Pass

As a supporter of RMU, you have access to this exclusive platform where you can earn an average of 6% cash back on every purchase at over 260 national retail, restaurant, travel and entertainment brands.



[View All Merchants](#)

The cash you earn is yours to keep and is in addition to any credit or debit card rewards you currently receive. It's simple. It pays.

Your ongoing support helps us provide a quality experience for our students and allows them to perform at the highest levels of excellence in their respective disciplines.

GET STARTED

- 1 Alumni pay \$25 annual fee; **RMU receives \$18** as a gift
- 2 Alumni buy gift cards through Shopping Boss and **receive 6% cash back** on average
- 3 **RMU receives 1%** of each transaction as a donation

It's Not a Gift Society—It's a Growth Opportunity

11

UCLA's 'Westward' Offers Personal Enrichment in Exchange for Donations

For \$10 a Month, Members Get...



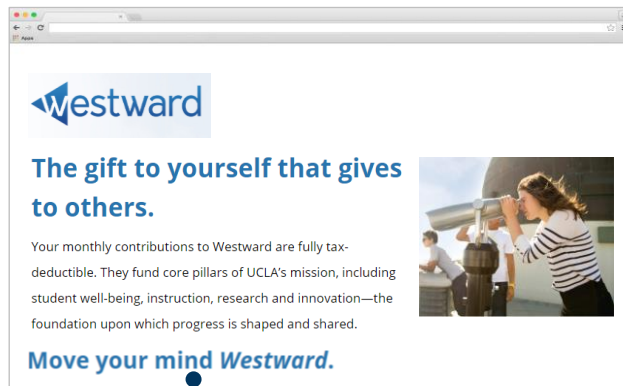
Quarterly book recommendation



Exclusive online discussion community



Video interviews with faculty experts



Program marketing highlights benefits to donor

Early Results Show Promise

200 Members in first year

70% Of donors are first-time or long-lapsed

\$30K In annually recurring unrestricted revenue

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The Rankings Chase Comes at Great, and Maybe Fruitless, Expense

“Two years ago, I looked at the numbers, and I realized we'd have to invest \$1.5 million more just to maintain a 7% undergraduate alumni participation rate. **And to move the University from #56 to #55 in the US News rankings, we'd have to increase alumni participation to 45%.** When I showed that to the president, he decided to drop alumni participation as one of my primary performance metrics.”

*Nevin Kessler
President, Rutgers University Foundation*

The Pipeline Paradox

We Must Acquire Young, But We'll Lose Them Before They're Old

Young Alumni Efforts Necessary...

80%

Of current major gift donors **gave in the first five years** after graduation



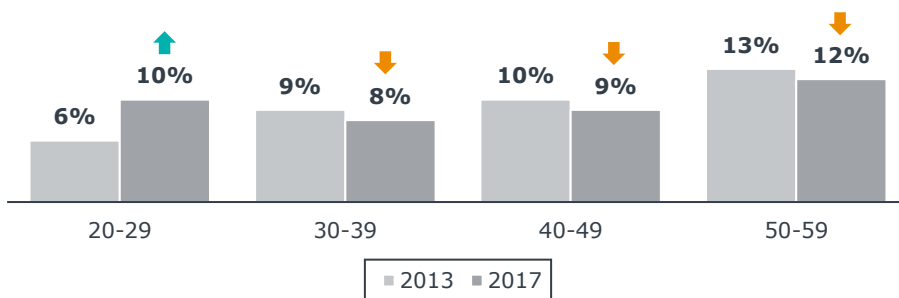
...But Far from Sufficient

45%

Of graduates after 1995 who gave in their first five years **stopped giving by their 15th reunion**

Our Strategies Pay Off—In the Wrong Places

Alumni Participation Rate by Age Group

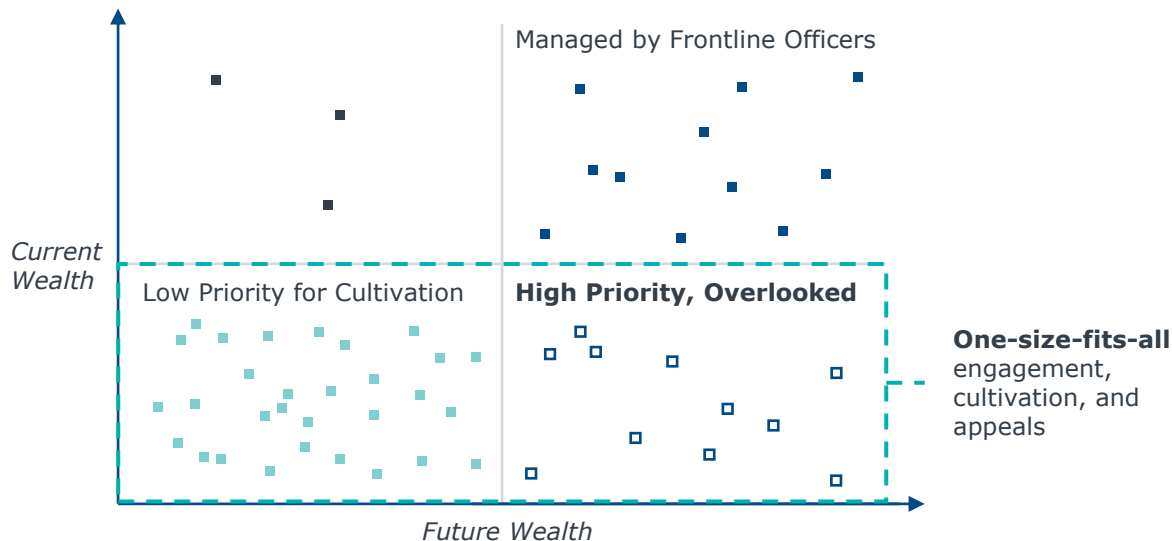


Pipeline Donors Adrift in Annual Giving

Spreading Ourselves Thin, We Fail to Focus on Tomorrow's Best Prospects

Annual Giving Spreads Efforts Evenly—At Their Peril

Current Wealth and Future Wealth of Prospects

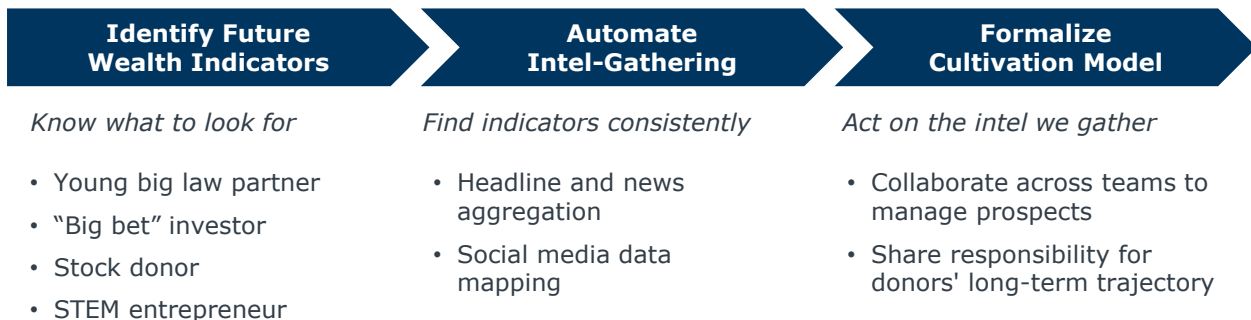


Developing a Future-Focused Pipeline Strategy



UChicago Moves Towards Future-Prospect Management Protocol

UChicago's Implementation Road Map



Playing the Long-Term Odds

“If 40% of the people we put in this group end up being principal gift prospects, that will be a win. We want to identify future principal gift prospects in the annual fund pool as soon as possible.”

Kimberly Priebe
Executive Director, Prospect Development and Decision Support
University of Chicago

But Can We Reach Our Overlooked Prospects?

'Donor Diaspora' Complicates Pipeline Development Work

College Graduates Move Far Afield

330 miles

Average distance from campus an alum of a state university lives

677 miles

Average distance from campus an alum of a top 20 school lives

Alumni Land in a Wide Variety of Places

Case Example: Unassigned Pepperdine University Alumni Within 50 Miles of Each Location

A few "hot spots"

- Los Angeles: 46,674
- Orange County: 12,295

Followed by a long tail

- Bay Area: 4,627
- San Diego: 3,700
- Seattle: 1,959
- New York: 1,873
- DC: 1,840
- Dallas: 1,572
- Phoenix: 1,474
- Denver: 1,322
- Portland: 1,102
- Hawaii: 1,088
- Las Vegas: 1,023
- Houston: 912
- Chicago: 843
- Atlanta: 805

Moving Relationships From Afar

The Digital Gift Officer Extends the Front Line's Reach

A Massive Portfolio

1,000+ Assigned prospects

- 1 Suspected wealth
- 2 Upgrade velocity
- 3 Assigned but overlooked

Apply Now: Digital Gift Officer

Direct Solicitation/Stewardship (55% of time)

Using digital strategies identify, qualify, cultivate, and steward selected alumni as donors and volunteers...

Digital Engagement Strategy (20% of time)

Develop a comprehensive digital engagement strategy for identified segments of the alumni population...

Data Analysis (10% of time)

Evaluate the reach for all digital engagement...

Special Projects (15% of time)

Responsible for making solicitation calls and texts...

A Multichannel Approach to Pipeline Development



Personalized
email outreach



Text message
campaigns



Skype video
conversations



Social media
engagement

The ‘Gig Economy’ Comes to Advancement

Pepperdine Experiment Shows Potential of Part-Time, Remote Fundraisers

A Serendipitous Opportunity

“

“We had a **vice chancellor** who was on his way out and a **faculty member** who was ready to retire. Because of all the relationships they had with donors, we thought they would be good people [for this role].”

*Keith Hinkle
Senior Vice President for
Advancement and Public Affairs
Pepperdine University*

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The MGO Role, Scaled Down



Carry a portfolio of prospects



Cultivate and steward prospects and donors



Present proposals for major gifts

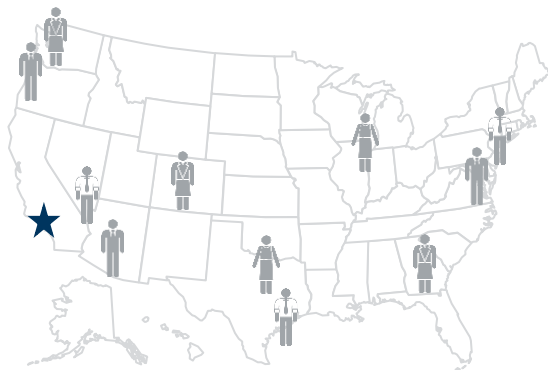
2/3 the workload of full-time major gift officers

\$4M Per year raised by “gig economy” major gift officers

Expanding the Experiment

Pepperdine Poised to Increase Scale and Reach Overlooked Prospects

Two-Year Plan: Deploy Gig Economy Model to Strengthen Pipeline



25 Gift officers deployed in 10-20 cities across the country



Fundraiser Profile



Recent grad with philanthropy experience or engaged alum



Full-time job outside of development

Low Cost, Broad Reach

\$10K In projected **annual costs** per gift officer

\$25K In projected **annual revenue** per gift officer (*excluding \$100K+ from major-gift handoffs*)

EAB's Peek into the Crystal Ball



What Will Be Most Unrecognizable by 2029?

Possibilities for Annual Giving's Future



The Hybrid Annual Fund Dissolves

Direct-response and comms merge; engagement and leadership annual giving join up



US News Drops Giving as a Ranking Criterion

Advancement deprioritizes small-donor fundraising, elevates engagement



Advancement Embraces "What's In It For Me"

Personal enrichment and transactional giving programs proliferate to boost APR



Mid-Level Giving Outsourced To Vendors

Vendors analyze constituent data and engage middle of the pipeline donors digitally