



# Aligning Resources with Institutional Ambition

Breaking the Three Constraints on Fundraising Growth (Part II)

# Coming Soon: Part III of the ‘Three Constraints’



## Upcoming Research: ‘Creating Pathways for Transformative Impact’



Philanthropy has been revolutionized in recent years by the emergence of **impact-driven donor-investors**. For many institutions, this has thrown into stark relief the inadequacies of their fundraising vision.

This final session in EAB’s “Three Constraints” series uncovers the **shortcomings of how advancement teams connect donors to transformative impact**. Importantly, it offers counterexamples of **breakthrough institutions recasting philanthropy** to meet the needs of today’s donor-investors.

### Save Your Seat at the Session

- May 18, 11 a.m. EDT
- May 23, 11 a.m. EDT\*
- May 25, 11 a.m. EDT
- June 2, 4:30 p.m. EDT
- June 3, 2 p.m. EDT\*

\* Team meeting

Contact your strategic leader or [ResearchEngagement@eab.com](mailto:ResearchEngagement@eab.com) to register.

# The Advancement Forum Team



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# AIFI: A Best-in-Class ROI Index



5

## Industry-Leading Insights into Investments Needed to Achieve Success

### Institutional ROI



- ▶ Overall investment in advancement and the outcomes it yields

#### Key Data

- FTEs by division and by role
- Personnel and operating expenditures
- ROI and fundraising productivity

- ▶ Comprehensive investment data from all participating member institutions allows for **“apples-to-apples” comparisons**

### Individual KPIs



- ▶ Performance against goal by frontline fundraisers across the institution

#### Key Data

- Visits, proposals, and gifts
- Portfolio composition and churn
- Tenure and fundraiser compensation

- ▶ Granular activity data allows advancement leaders to **pinpoint cultivation bottlenecks**

## EAB Dataset: A Broad, Diverse Cohort of Institutions

**320+**

Institutions participating since launch

**\$192B+**

In cumulative fundraising production, 2013-2020

**22K+**

Advancement staff at participating institutions

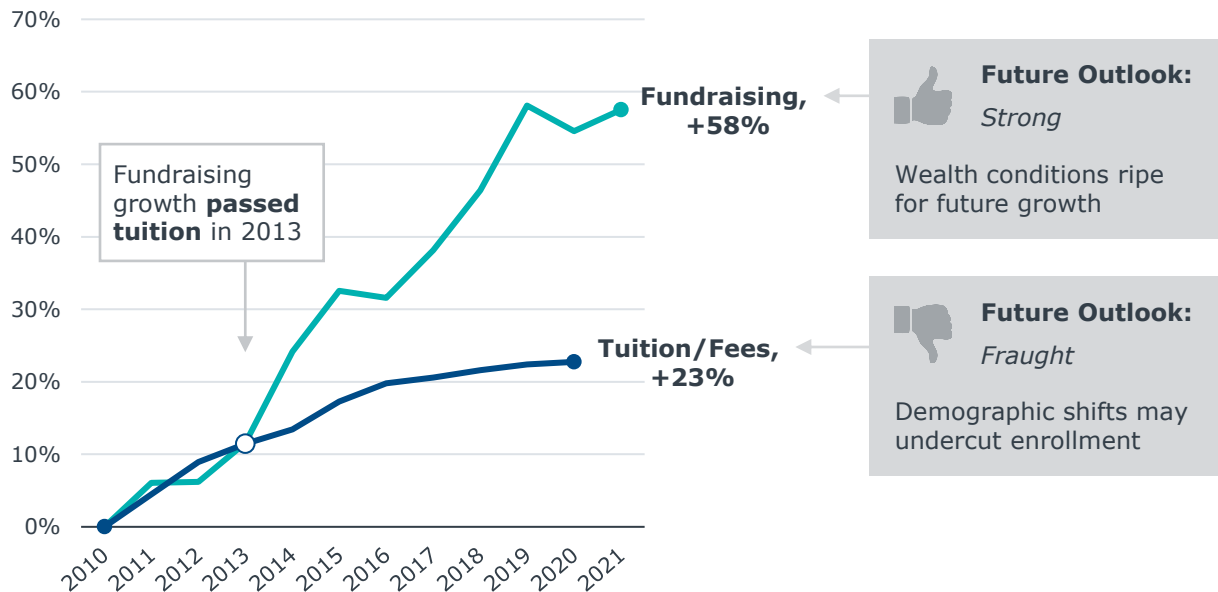
# The Era of Good Feelings (About Fundraisers)



With Higher Ed Revenues Faltering, Advancement Emerges as a Bright Spot

## Advancement Growth Outpaces Stagnating Tuition

Cumulative Fundraising Cash-In and Tuition/Fee Revenue Change, 2010-2021<sup>1</sup>



1) Inflation-adjusted to 2020 dollars.

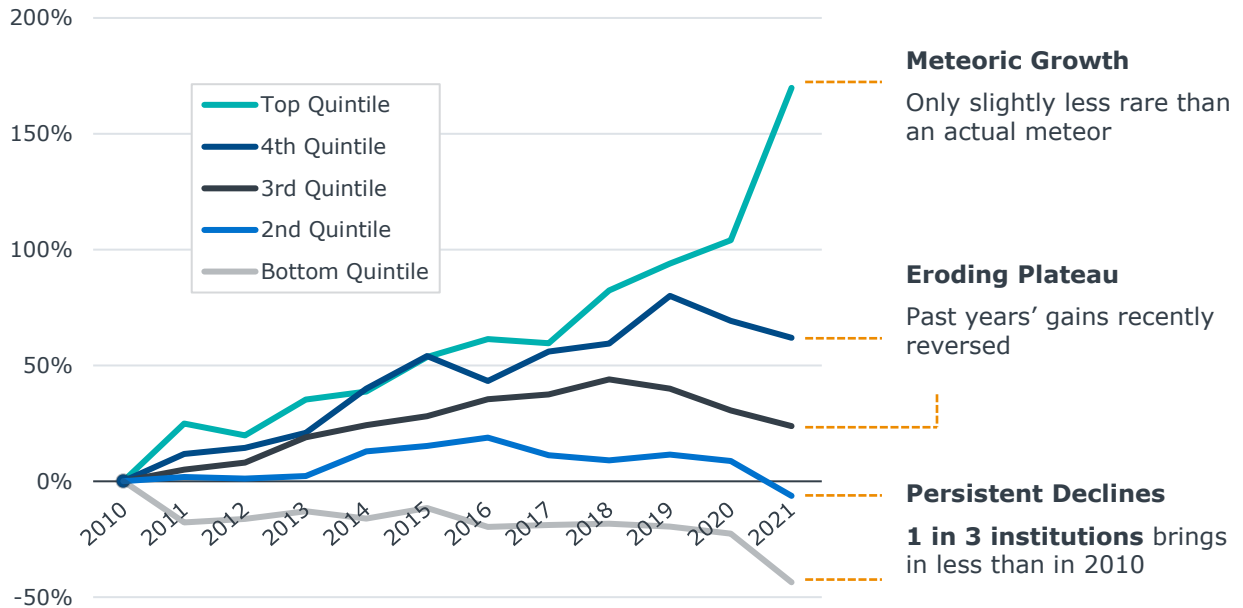
# Actually, Far from Sunshine and Roses



Top-Line Growth Figures Hide a Tough Road for Many

## Unimpeded Growth Is the Exception, Not the Rule

*Cumulative Percentage Change in Fundraising Cash-In by Growth Quintile, 2012-2021<sup>1</sup>*



1) Inflation-adjusted to 2021 dollars. Quintile = 20% of the sample.

# A Path to Growth

## Overcoming the Factors that Hold Us Back

### The 3 Constraints on Fundraising Growth



#### Our Strategic Imperatives

**1** Capitalizing on a Growing Prospect Base

**2** Aligning Resources with Institutional Ambition

**3** Creating Pathways for Transformative Impact



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#### Our Strategic Imperatives

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#### *Our Focus for Today*

- 2 **Aligning Resources with Institutional Ambition**

- 3 Creating Pathways for Transformative Impact



# Aligning Resources With Institutional Ambition

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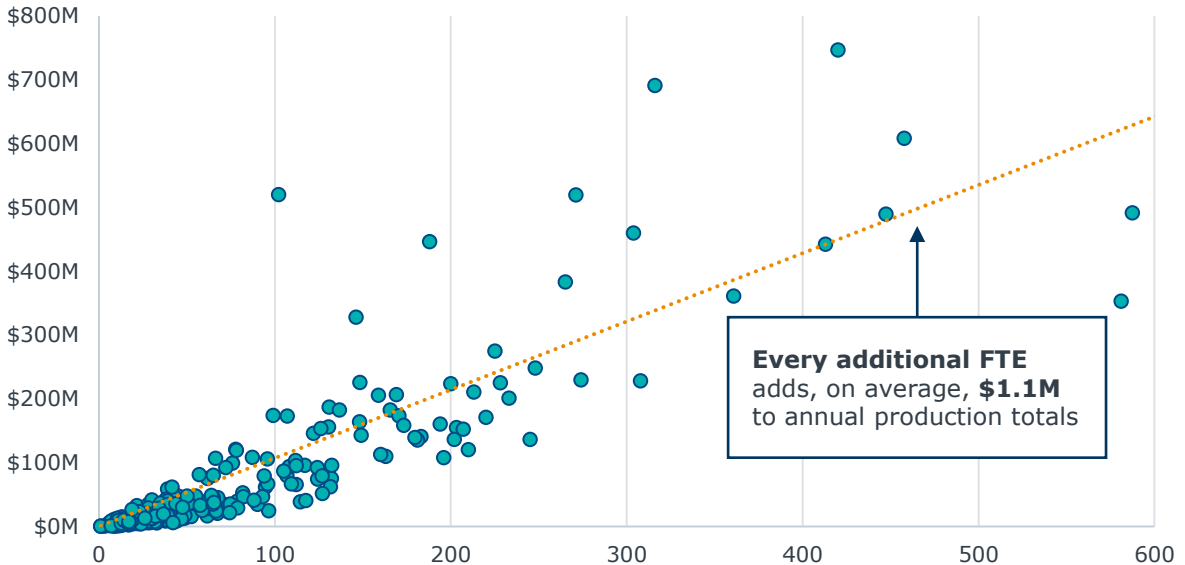


# The 3 Key P's: 'People Predict Production'

Advancement Staffing Drives Fundraising Outcomes

## Advancement FTEs v. Fundraising Production

*Advancement Investment and Performance Initiative, FY2016-FY2020*

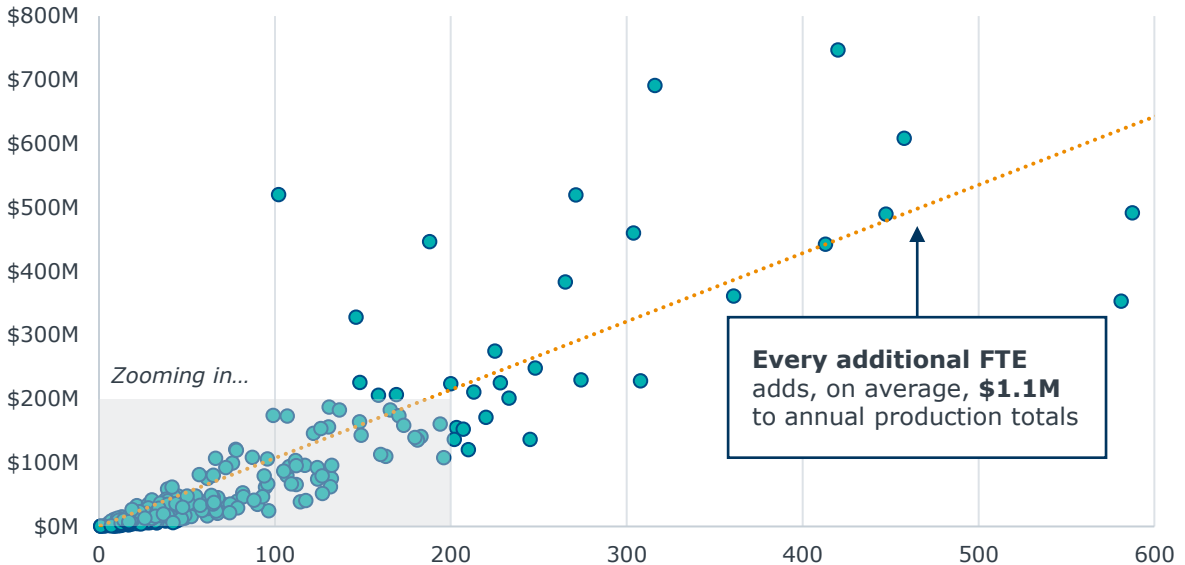


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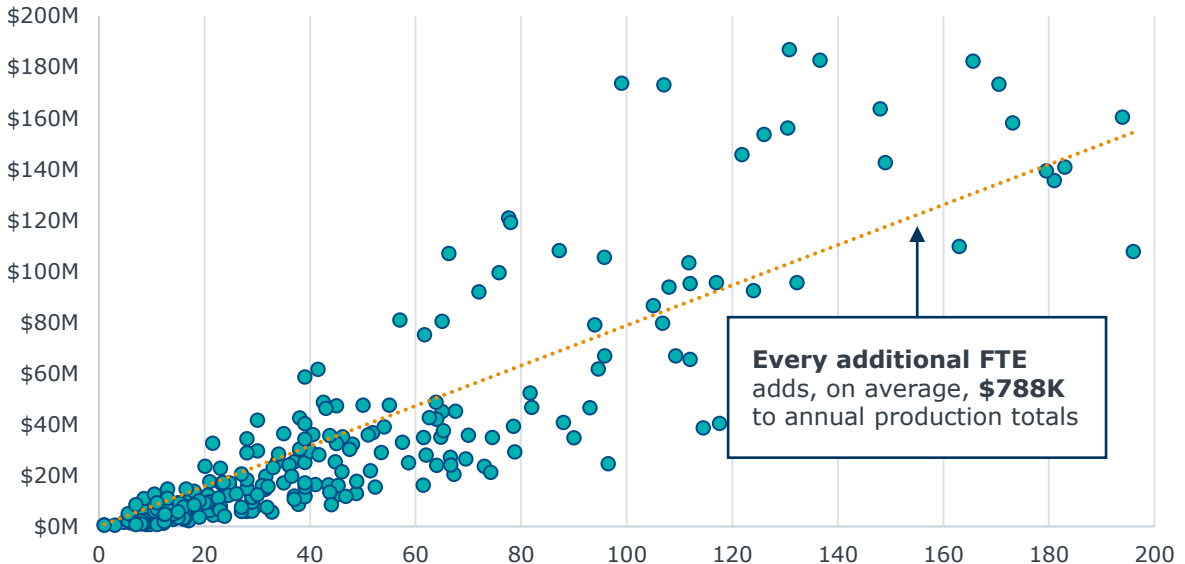


# The 3 Key P's: 'People Predict Production'

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## Advancement FTEs v. Fundraising Production (<200 FTEs, <\$200M Production)

*Advancement Investment and Performance Initiative, FY2016-FY2020*



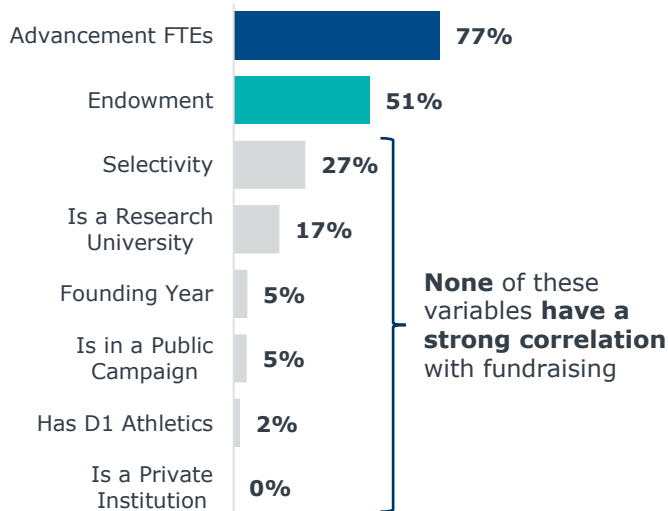
# Anything's Possible With the Right Investment



## Traditional Performance Predictors, Like Selectivity, Outweighed by Staffing

### Investment's Impact Tops All Others

Correlation with Fundraising



“

“Our board is waking up to the idea that we might be able to build a strong fundraising operation here. We don't look like the schools that report the biggest totals, but every MGO we've added has increased our outcomes substantially. It seems **everything we thought held us back didn't. It was just a resource question.**”

*Vice President of Advancement  
Private Master's University*

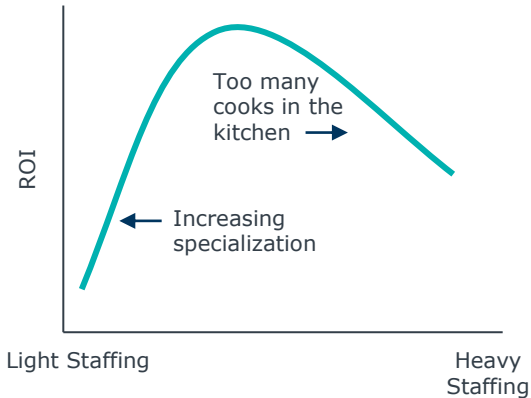
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# Where Are the Diminishing Marginal Returns?

Unlike Most Industries, Dollars Accelerate as Expenditures Grow

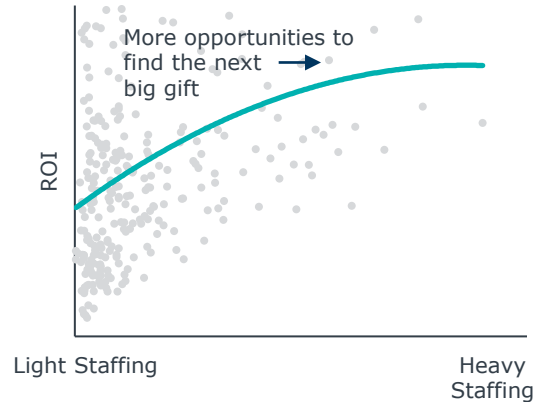
*The Rule:*

**A Productivity Spike, then a Long, Slow Decline in Most Industries**



*The Exception:*

**Advancement's Persistent Productivity Gains to 300 FTEs**



# The Imperative of Accelerating Marginal Returns

“ I had this a-ha moment a few years ago. I'd always thought about diminishing marginal returns—that every additional DO<sup>1</sup> brings in less than the one before.

But I realized that almost no one will ever invest up to that point. It will only be **accelerating marginal returns from adding staff**. When I realized that, I knew we had to invest more in game-changing philanthropy.

*Brian Sischo  
Vice President for University Advancement  
and Foundation President  
North Carolina State University*

1) Development officer



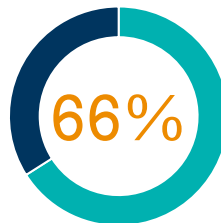
# Saying ‘No Thanks’ to More Revenue

Despite Enterprise Growth’s High ROI, Advancement Plagued by Cuts

Between 2016 and 2020...



Of institutions **cut staff** at least once



Of institutions **cut expenditures** at least once<sup>1</sup>

## Cost-Cutting Fever

“I’ve been at this institution for 9 years. In that time, the only budget that hasn’t been cut is the annual fund. **Every other development budget has been cut.**”

*Associate Vice President, Advancement  
Public Research University*

1) Nominal dollars. When adjusting to 2020 dollars, the share climbs to 75%.

# Balancing Resources, Impact, and Time



## Three Common Causes of Disinvestment



### Perceived Mission Tradeoffs

Every dollar that goes to fundraising is one that isn't put in immediate service of students and the academy

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### ROI Impatience

Promised returns seem elusive after year one; institutional leaders disinclined to wait the 3-4 years it may take to bring in high return

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### High Attrition, Long Backfill Timelines

Many gift officers leave after only a couple years; it can take 6+ months to successfully rehire into frontline roles

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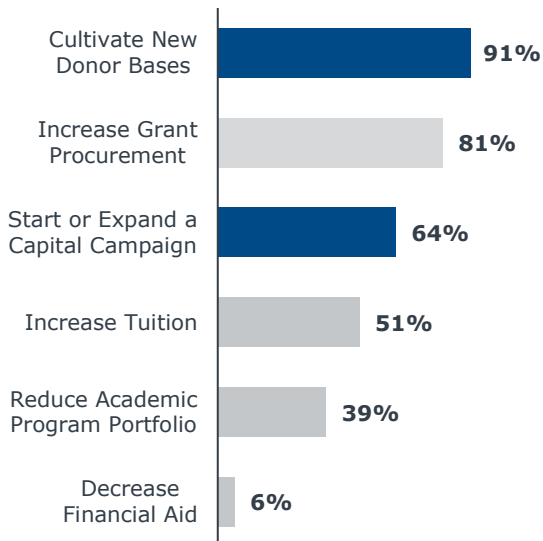
Which of these has been the **biggest roadblock** to sufficient investment at your institution?

# Will the Investment Tide Turn?

Presidential, Board Fundraising Ambitions May Shift Investment Calculus

## Fundraising Tops Presidents' Priorities...

"How Do You Plan to Increase Net Revenue?"  
Inside Higher Ed, 2021



## ...And Boards' Wish Lists, Too



*We Analyzed 200 College-President Job Ads. Nearly All of Them Wanted This Skill.*



Nearly every institution, from community colleges to top research universities, made it clear that **the title of president is synonymous with chief fund raiser**. Among the skills they wanted to see in prospective presidents were "previous fund-raising success," the ability to "cultivate donors," and "compelling fund-raising abilities."

# Investment without Strategy—A Fool’s Errand

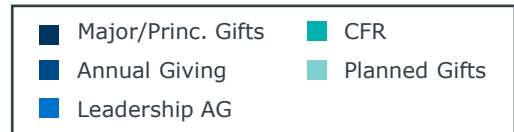
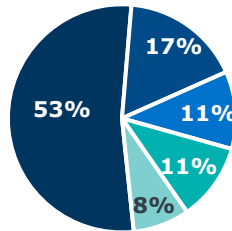


Flooding the Front Lines Alone Won’t Lift Long-Term Production, ROI

## Leadership Tends to Prioritize...

*Hiring Major Gift Officers*

A majority of fundraising staff are hired into major/principal gift roles



## But Often Overlooks...

*Staffing Support Roles Sufficiently*

*Offering Market-Competitive Fundraiser Salaries*

*Looking Beyond the Traditional Candidate Pipeline*



In which of these areas have you, or will you, **make the biggest changes** to your strategy?

1) Salary change measured in 2021 dollars, August 2020 to August 2021

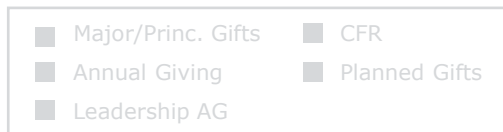
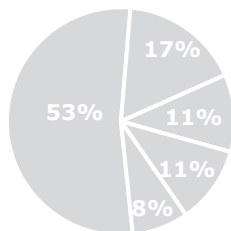
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# 1 in 4

Institutions have fewer than **1 prospect researcher** for every **17 gift officers**

1) Salary change measured in 2021 dollars, August 2020 to August 2021

## Success Rests on More than Just the Front Lines

“We have a lot of data about the value add of fundraisers, but **fundraisers aren't productive if they don't have** the right resources and **strategic support**.”

You leave a lot of money on the table if you don't invest in data integrity and have the resources to get to the depths of your constituent base, prioritize prospects and optimize fundraisers' portfolios. **Those resources tend to be the ones that get reduced** and marginalized the most.”

*Elizabeth Crabtree  
Vice President, Administration and Operations  
Brandeis University*



# The ROI of ‘Unproductive’ Roles

## Dev. Support, Adv. Services Have Surprising Revenue Impacts

**+1 FTE In...**

**Correlates With...**

Major/Principal Gifts

**+\$1.5M**

*In additional fundraising revenue*

Development Support

**+\$1.3M**

Advancement Services

**+\$859K**

Support functions provide crucial infrastructure for **improving fundraiser efficiency**

*But Not All Roles Add to the Bottom Line*

Annual Giving

**-\$697K**

Alumni Relations

**-\$1.2M**

Investments in units focused on low-net-worth prospects incur a **large opportunity cost**

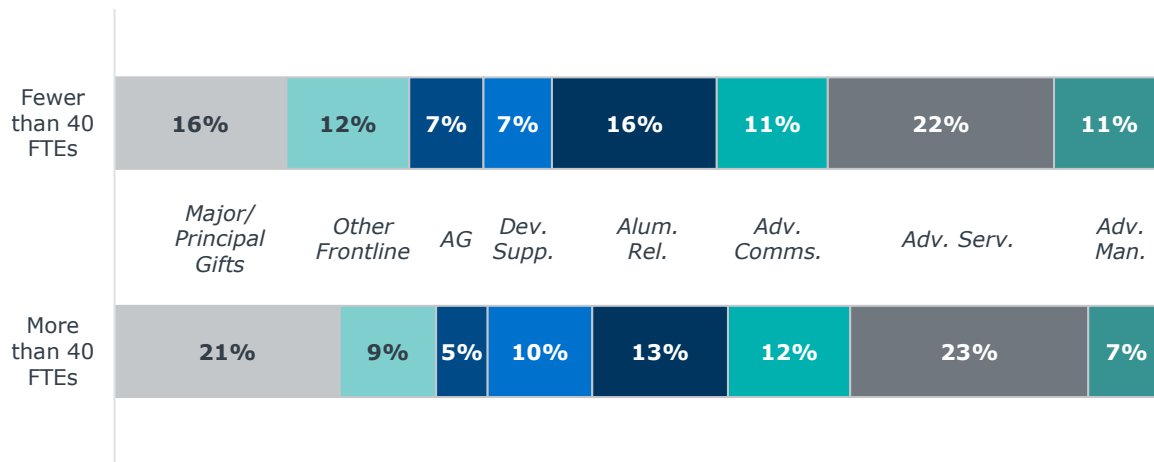
# In Search of the 'Goldilocks' Org



Optimal Staffing Distribution Changes as Divisions Grow Larger

## Percentage of Advancement FTEs Assigned to Each Function

Average for Institutions Below Median Staffing and Above Median Staffing





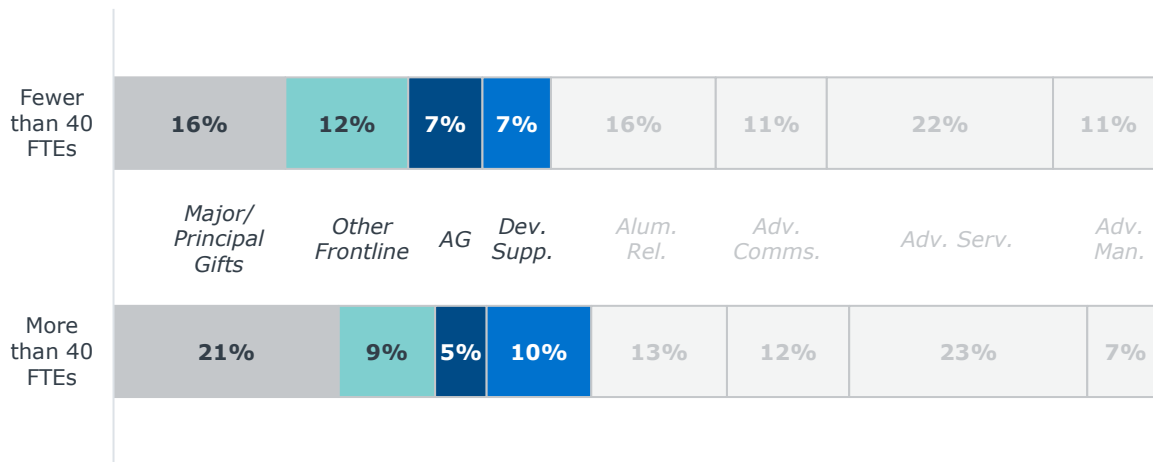
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Greater share of staff assigned to development at larger institutions—the only department that grows substantially

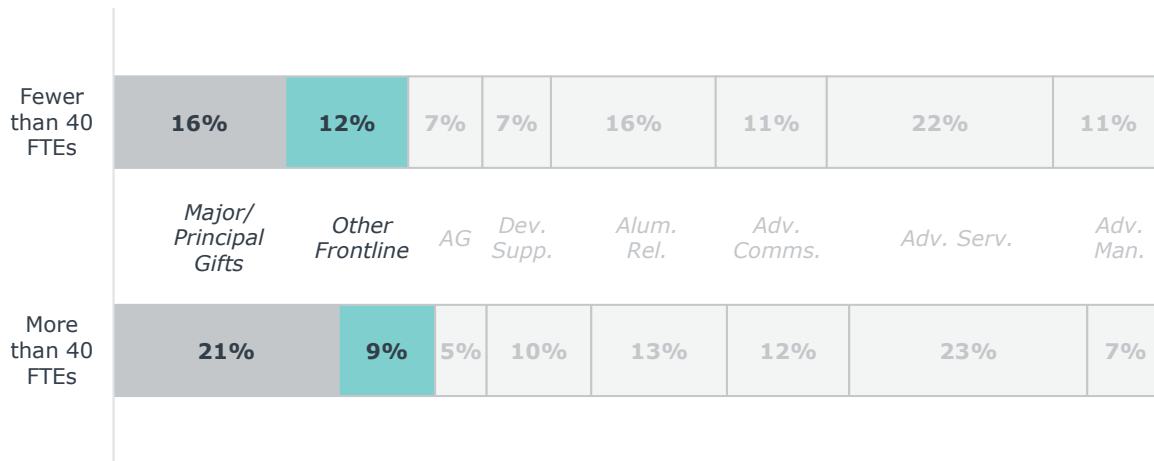
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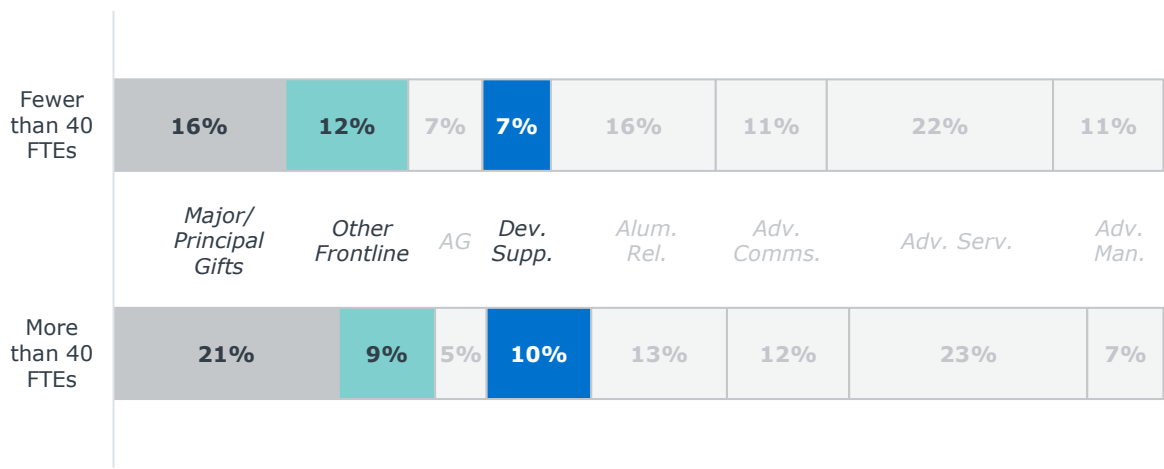
Larger institutions shift frontline resources to major and principal gifts, which grow fastest relative to the rest of the division


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 Development support likewise scales up, increasing from 1:4 ratio relative to front lines to 1:3 ratio

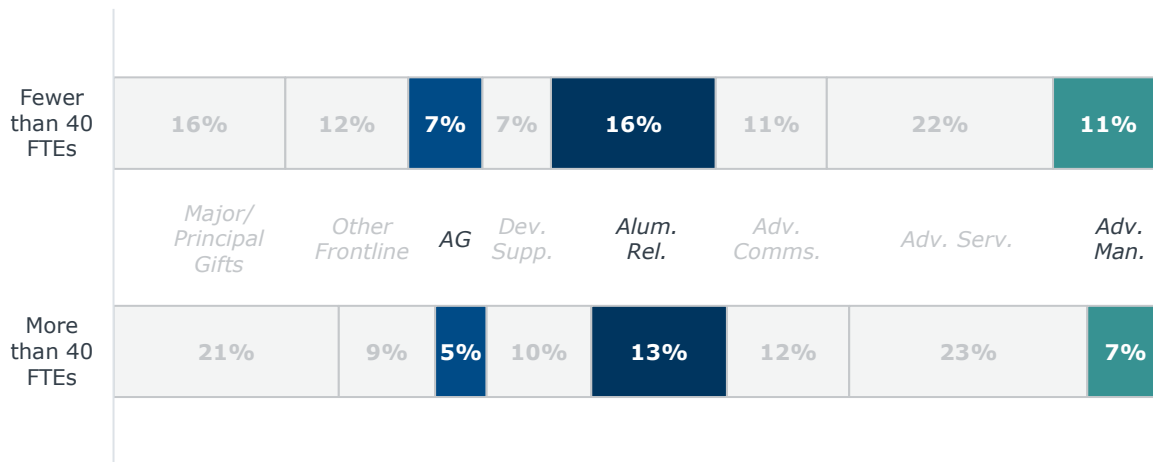
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Annual giving, alumni relations, and advancement management capitalize on efficiencies of scale, becoming less of a presence in larger institutions

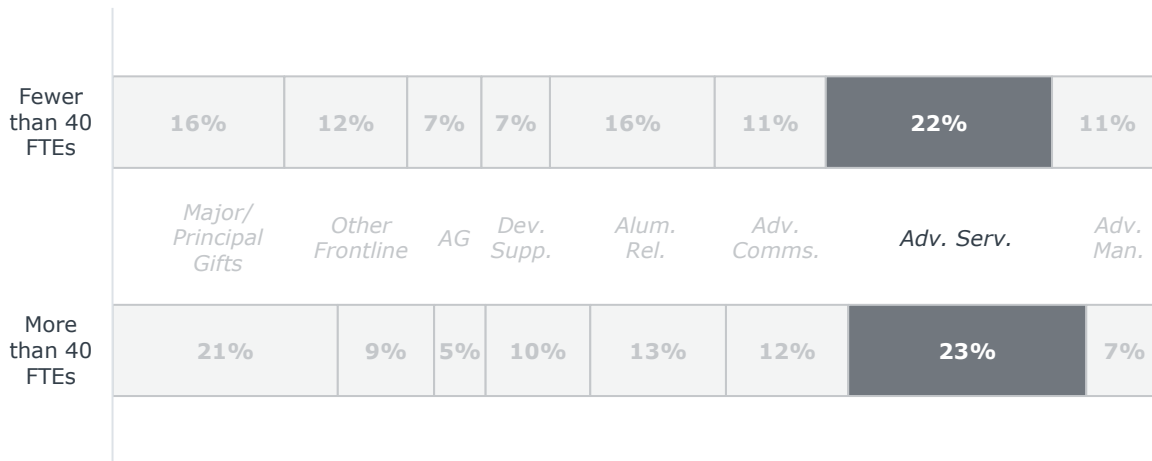
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Advancement services grows at the same rate as the division as a whole

# A New Take on the 'Back Office'

Focusing on Supporting Front Lines A Critical, Oft-Overlooked Element

## Prospect Research, Reinvented



*Utah State's  
Development Analysts*

- Five prospect researchers repositioned as strategy partners for 24 MGOs
- Analysts must have **75%** of assigned MGOs meet their fundraising goals

**\$4.8M**

Proposals closed within one year of qualification



## Erring on the Side of Associates



*Public Flagship's  
Development Associates*

- Hired administrative support positions instead of MGOs for a year
- Development associates freed MGOs to **focus on fundraising**

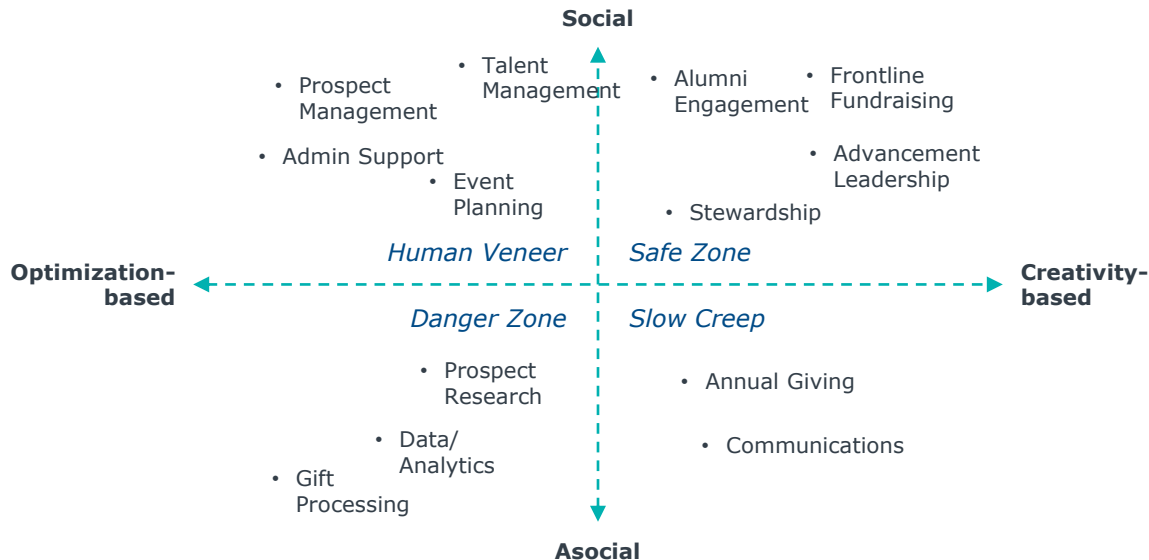
**+\$40M**

Year-over-year revenue growth



# Envisioning Advancement's Automated Future

Scale And Timeline For Change Depend On The Job



Where have you made **AI investments** recently? Which of these roles do you expect to **change the most** in the next 10 years thanks to technological innovations?



# Avoiding Annual Giving's Opportunity Costs



## Introducing EAB's Advancement Marketing Services

### Data Analysis and Strategy Creation



Analyzing Your Data



Modeling and Segmentation



Strategic Direction

### Campaign Delivery and Development



Customized Creative



Full Online and Print Production

### Campaign Deployment and Assessment



Messaging Implementation



Performance Monitoring, Reporting



Testing and Learning

## Extensive Services Support Your Success

1

Dedicated consultants to guide change

2

On-campus progress updates

3

Access to experts in annual giving



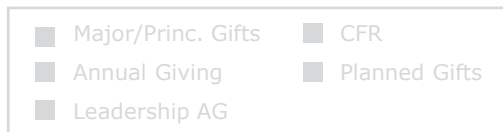
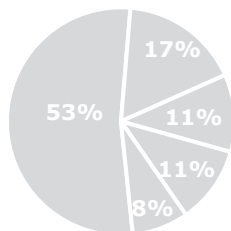
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A majority of fundraising staff are hired into major/principal gift roles



## But Often Overlooks...

### Staffing Support Roles Sufficiently

1 in 4

Institutions have fewer than **1 prospect researcher** for every **17 gift officers**

### Offering Market-Competitive Fundraiser Salaries

**-13.1%**

**One-year drop** in posted fundraiser **salaries**, despite a 159% rise in open positions<sup>1</sup>

### Looking Beyond the Traditional Candidate Pipeline

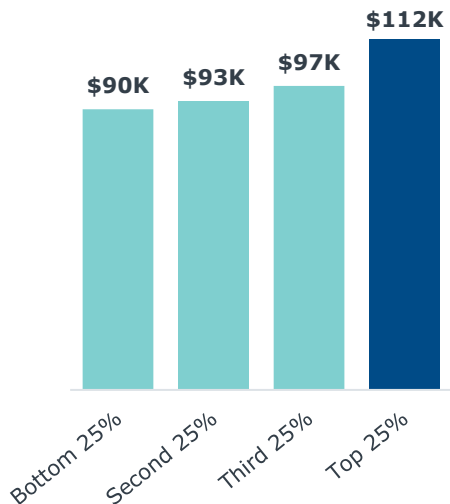
1) Salary change measured in 2022 dollars, February 2021-February 2022.

# A Penny Today Costs a Dollar Tomorrow

## Low Fundraiser Pay Impacts Performance, Drives Attrition

### Pay Begets Performance

Median Fundraiser Salary by Fundraiser Performance Quartile, FY2020<sup>1</sup>



**+24%** Salary premium for high-performing fundraisers compared to low performers

### Attrition Costs Often Outweigh Salary Savings

#### Poachers on the Horizon

“I’m working hard to restructure compensation levels to attract and retain staff. In just one week, I had multiple mid-level MGOs **increase their compensation by \$40,000 by switching from higher ed to healthcare.** We can’t afford to lose more staff.”

*AVP, Alumni and Donor Relations  
Canadian University*

**\$154K** Direct and indirect costs of backfilling fundraiser vacancies

1) Controlling for tenure and role.

## Median Low-Performer and High-Performer Salary by Role

Role	Low Performers	High Performers	% Difference
AVP/VP	\$171,080	\$214,200	25%
Principal Gifts	\$157,850	\$175,805	11%
Major Gifts	\$92,962	\$111,250	20%
Planned Gifts	\$95,000	\$115,761	22%
Corporate & Foundation Relations	\$92,305	\$95,851	4%
Leadership Annual Gifts	\$60,900	\$65,600	8%

# Competing for Talent

## Develop Compelling Non-Salary Strategies (While Advocating for More)

### Deploy Campaign Retention Bonuses



Emory University paid staff a bonus at the conclusion of their campaign

### Increase Facetime with Leadership



UC-Riverside's CAO has breakfast with high performers once a month

### Leverage Tuition Assistance



Loyola University of MD uses educational benefits to retain staff

### ♪ How Do You Solve a Problem Like HR? ♪

"When it comes to helping HR understand that advancement needs a different compensation model compared to the rest of the university, **data matters**.

"If you can provide data **on how things are structured and the fundraising and talent results other organizations had**, it's persuasive."

*Scott Rosevear, Vice President for University Advancement  
Bucknell University*



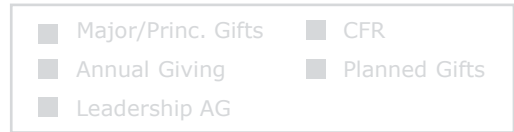
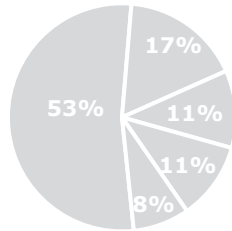
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### Looking Beyond the Traditional Candidate Pipeline

69%

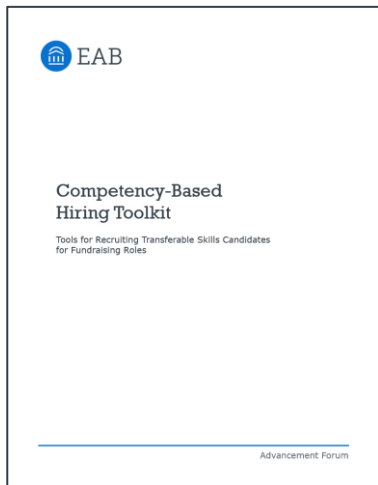
Of fundraising roles require at least **2 years’ experience** in the industry

1) Salary change measured in 2021 dollars, August 2020-2021

# A Road Map for Looking Out of Industry

## EAB Resources for Transferrable Skills Recruiting

### “Tools for Recruiting Transferrable Skills Candidates for Fundraising Roles”



- 1 Map Competencies to Open Positions
- 2 Identify Best-Fit Professions to Prospect From
- 3 Proactively Cultivate Silent Candidates
- 4 Perfect the “Sell” on a New Industry
- 5 Accelerate Time to Productivity

To access the full toolkit, visit [EAB.com](https://www.eab.com).





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