



# Breaking the Three Constraints on Fundraising Growth

A Data-Driven Playbook for Peak Performance

**Part I: Capitalizing on a Growing Prospect Base**

# AIFI: A Best-in-Class ROI Index

## 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 Advancement Forum Team



**Ann Forman Lippens**  
*Managing Director*

[Alippens@eab.com](mailto:Alippens@eab.com)



**Jeff Martin**  
*Senior Director*

[Jmartin@eab.com](mailto:Jmartin@eab.com)



**Fleming Puckett, Ph.D**  
*Senior Director*

[Fpuckett@eab.com](mailto:Fpuckett@eab.com)



**Jenna Dell, Ed.D**  
*Director*

[Jdell@eab.com](mailto:Jdell@eab.com)



**Maria Morrison**  
*Associate Director*

[Mmorrison@eab.com](mailto:Mmorrison@eab.com)



**Nancy Asplund**  
*Senior Analyst*

[Nasplund@eab.com](mailto:Nasplund@eab.com)



**Mariah Coughlin**  
*Senior Analyst*

[MCoughlin@eab.com](mailto:MCoughlin@eab.com)

# The Advancement Forum Team



**Ann Forman Lippens**  
*Managing Director*

[Alippens@eab.com](mailto:Alippens@eab.com)



**Jeff Martin**  
*Senior Director*

[Jmartin@eab.com](mailto:Jmartin@eab.com)



**Fleming Puckett, Ph.D**  
*Senior Director*

[Fpuckett@eab.com](mailto:Fpuckett@eab.com)



**Jenna Dell, Ed.D**  
*Director*

[Jdell@eab.com](mailto:Jdell@eab.com)



**Maria Morrison**  
*Associate Director*

[Mmorrison@eab.com](mailto:Mmorrison@eab.com)



**Nancy Asplund**  
*Senior Analyst*

[Nasplund@eab.com](mailto:Nasplund@eab.com)



**Mariah Coughlin**  
*Senior Analyst*

[MCoughlin@eab.com](mailto:MCoughlin@eab.com)

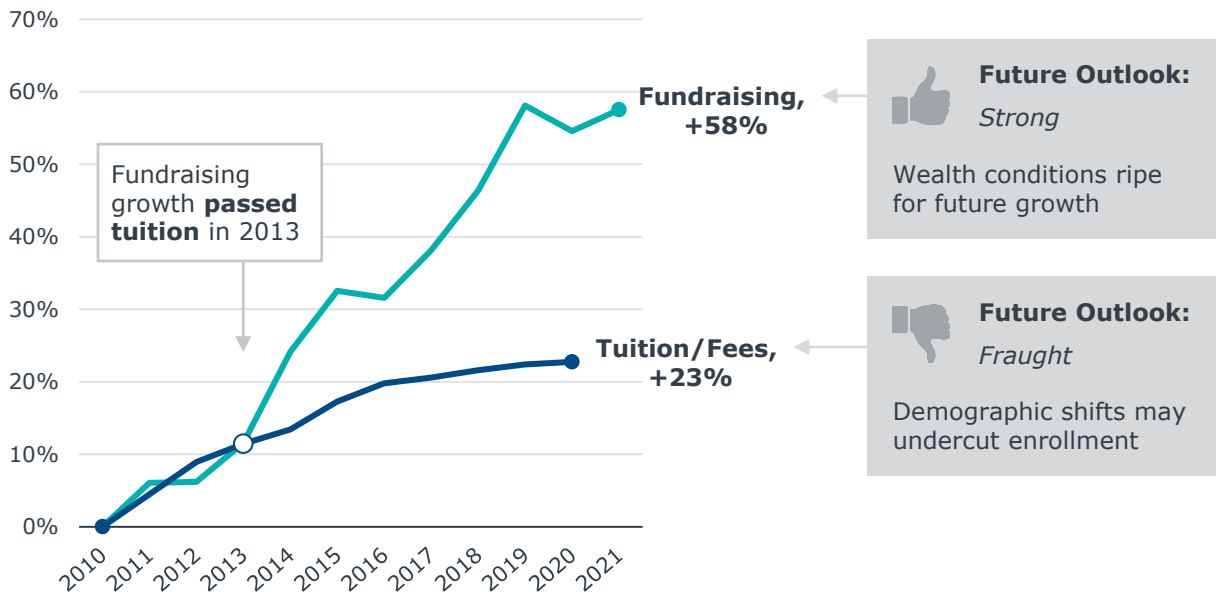
# The Era of Good Feelings (About Fundraisers)



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.

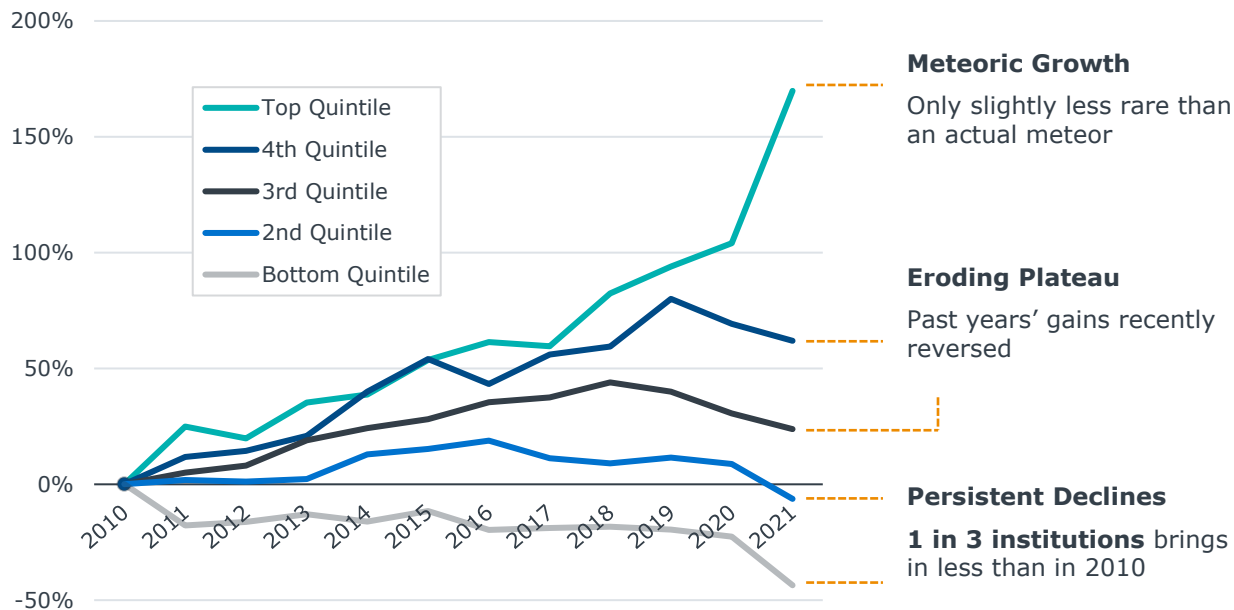
# Actually, Far from Sunshine and Roses



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.

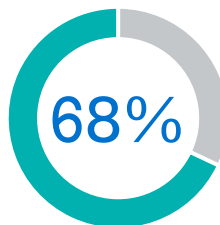
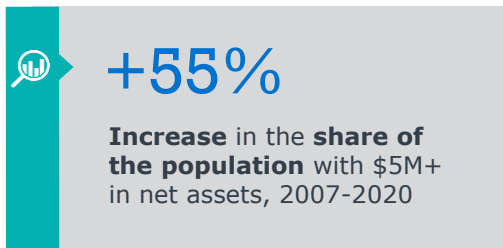
# Prospects, Prospects Everywhere...



...But Major and Principal Gift Activity Still Lethargic for Many

## A Rapidly Growing Prospect Pool...

## ...Yet Prospect Coverage Still Lags



Of assigned prospects **did not receive a substantive contact** in FY2020

“ It feels like my **major gift officers have more opportunities** today than at any other point in my development career.

*Vice President of Advancement  
Canadian University*

“ My gift officers complain about not having good prospects. But they do have them—they’re **just not getting in front of them.**

*Associate Vice President of Development  
Private Liberal Arts College*

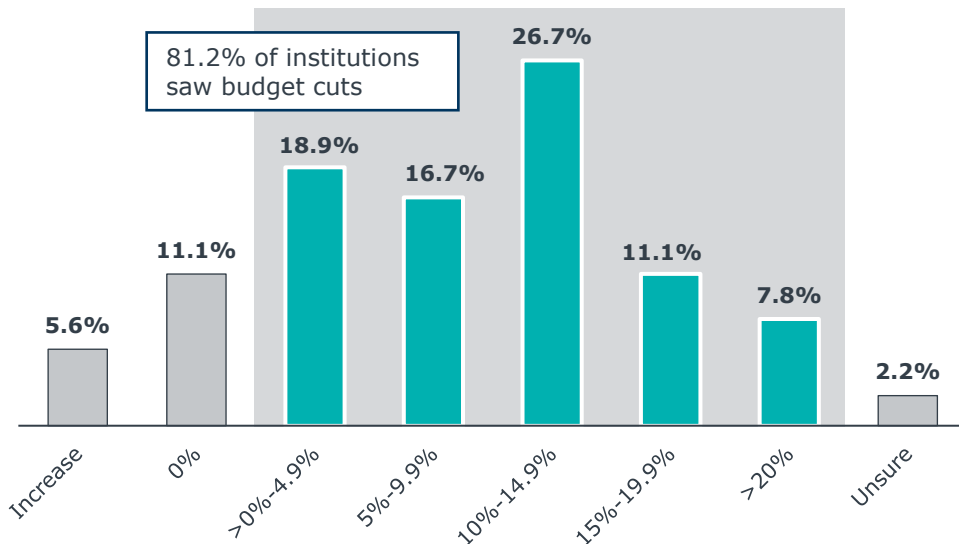
# 'More with Less': The Mantra of the 2020s?



Institutional Leaders Miss Connection Between Investment and Outcomes

## Advancement Budgets Decline Despite Rising Expectations

*Decrease in Advancement Investment for FY2021 v. FY2020*





# The Cut-and-Paste Case for Support



Higher Ed Struggling to Differentiate and Inspire in a Crowded Market



## Campaign Ubiquity

Wealthy individuals bombarded by campaign calls-to-action from all sides



## Generic Priorities

Funding opportunities only distinguished by institution name at top of proposal



## Nonprofit Proliferation

Tripling of nonprofit numbers give donors across the pyramid plenty of giving options



## Transactional Asks

Proposals focus on keep-the-lights-on needs rather than transformational impact

# 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

# A Path to Growth

## Overcoming the Factors that Hold Us Back

### The 3 Constraints on Fundraising Growth



*Our Focus for Today*

## 1 Capitalizing on a Growing Prospect Base

## 2 Aligning Resources with Institutional Ambition

## 3 Creating Pathways for Transformative Impact



# Capitalizing on a Growing Prospect Base

Constraint #1

---



# More Wealth, Fewer Hands?

A Casual Observer Might Suspect Wealthy Are Growing Less Numerous

## Media Narrative Creates Impression of Wealthy's Ranks Tightening



*The Long-Run Tendency for Wealth to Concentrate in a Few Hands*



*America's Hot New Job Is Being a Rich Person's Servant*



*Wealth of 10 Richest Men Doubled in Pandemic as 99% of Incomes Dropped*

## A Thought Exercise

*"How different would incomes have been in 2020 if they'd kept up with GDP since 1975?"*

Income Group	Hypothetical Income	Actual
99 <sup>th</sup> Pctl.	\$491K	+\$138K
95 <sup>th</sup> Pctl.	\$144K	<b>-\$10K</b>
90 <sup>th</sup> Pctl.	\$112K	<b>-\$30K</b>
75 <sup>th</sup> Pctl.	\$65K	<b>-\$35K</b>



Even individuals at the **95<sup>th</sup> percentile** **lost income** to growing wealth inequality

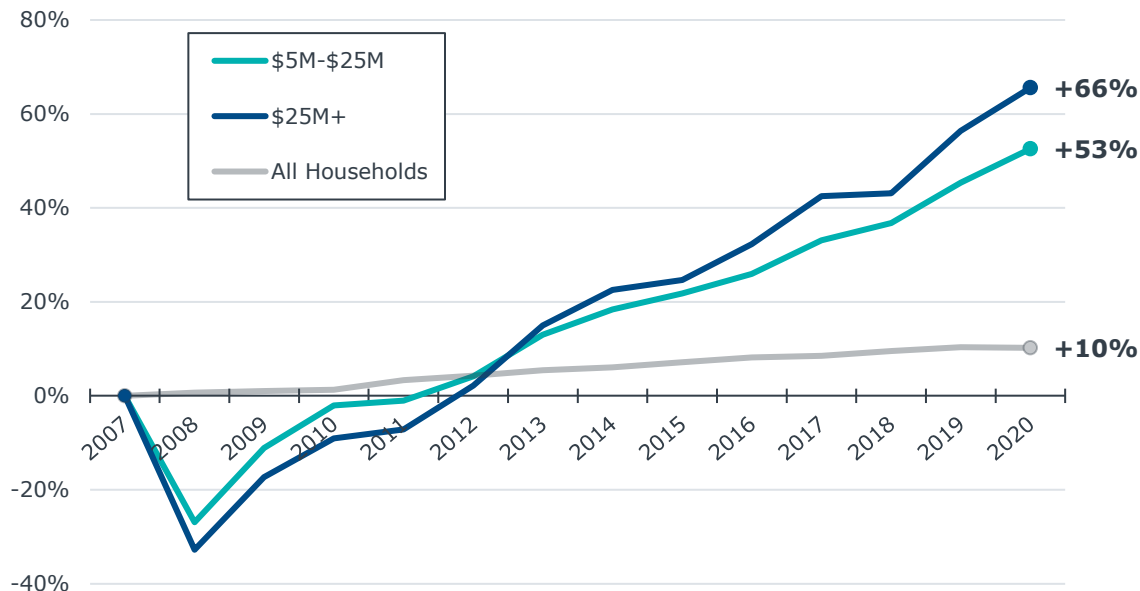
# In Reality, Wealth Is Growing Like Gangbusters



Number of Ultra-Wealthy Households Increased at 5x-6x Rate of Total

## A Massive Influx of High-Net-Worth Households

*Cumulative Percentage Change in Number of Households by Net Assets, 2007-2020*



# The Millennial Wealth Boom



## Younger Generations Expected to Gain in the Years Ahead

### Millennials' Financial Wealth Expected To Grow Significantly



**\$20 trillion**

By 2030 millennials will hold about **five times** as much wealth as they did in 2018 (\$4T)<sup>1</sup>

### Breaking Down the \$20T

- ▶ \$15 trillion expected from organic growth and market impact
- ▶ \$5 trillion expected from the transfer of financial assets

### Average Age of Ultra-High-Net-Worth Getting Younger

**58** The average age of investors worth \$25M+ in **2014**



**11 years younger**

**47** The average age of investors worth \$25M+ in **2019**

Source: Ben Steverman, "[Here Comes the New Generation of Very Rich Americans](#)," *Insurance Journal*, January 23, 2019; Emily Zulz, "[Millennials Now Make Up Nearly Half of the Super-Wealthy: Spectrum](#)," *Think Advisor*, March 19, 2019; Davis Janowski, "[Eight Charts That Explain Millennials and the Future of Wealth Management](#)," *Wealth Management.com*, June 22, 2018; EAB interviews and analysis.

1) Excludes real estate

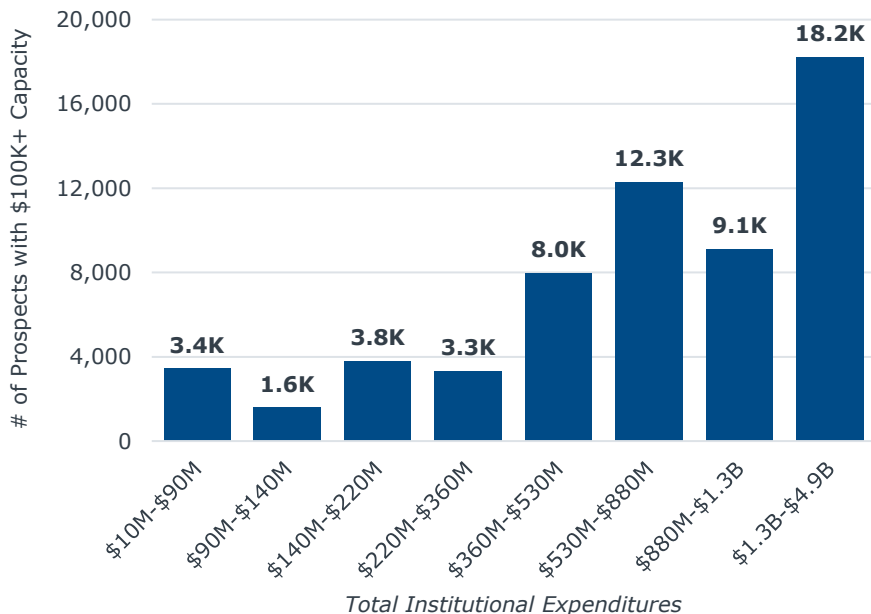
# Even Smaller Institutions Have an Opportunity



Diffuse Prospect Wealth Puts Major/Principal Gifts within Reach of Most

## A Thriving Prospect Base Across Higher Ed

Average Number of \$100K+ Capacity Prospects by Total Institutional Expenditures



7 of 8

Institutional expenditures groups averaged **2,000+** major/principal gift prospects



# The Mystery of the Missing Major and Principal Gifts

Of the institutions with more than 2,000  
six-figure-plus prospects,

**1 in 3**

Bring in **fewer than 35** six-figure-plus  
gifts annually

---

And **1 in 2** bring in  
**fewer than 60** annually

# Net Worth Is One Thing, Intention Another



Wealth Is Necessary—But Not Sufficient—for Major Gift Success

**Your next  
major donor  
must have...**



## **Financial Capacity**

The prospect must have the financial capability to make a gift.

# Net Worth Is One Thing, Intention Another



Wealth Is Necessary—But Not Sufficient—for Major Gift Success

**Your next  
major donor  
must have...**



## **Financial Capacity**

The prospect must have the financial capability to make a gift.

## **Philanthropic Inclination**

The prospect must have interest in using their financial resources to make a gift.

## **Institutional Affinity**

The prospect must have a connection with, or interest in, giving to your institution.

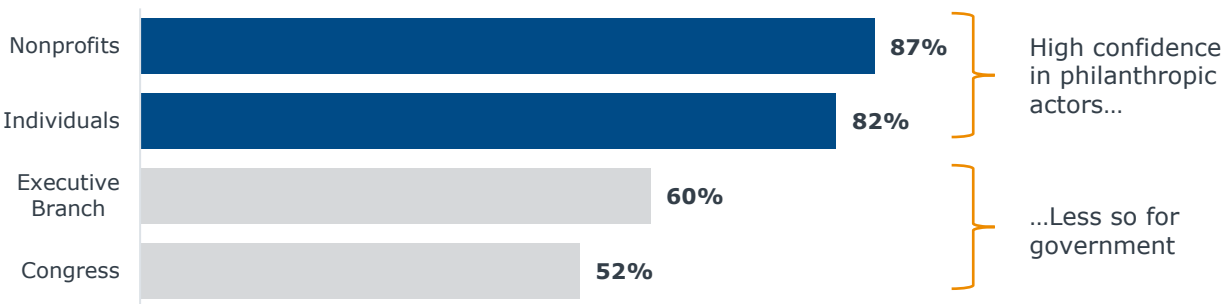


# The Rising Philanthropic Tide

## Affluent Individuals Build an Ever-Stronger Culture of Giving

### Whom Do Affluent Individuals Believe Can Solve Global Problems?

*Bank of America Study of Affluent Household Giving, 2021*



### Putting Their Money Where Their Hearts Are

**90%**

Of HNW households made charitable donations in 2020

**\$43K**

Average giving from HNW households in 2020

**+48%**

Growth in average HNW household giving, 2017-2020

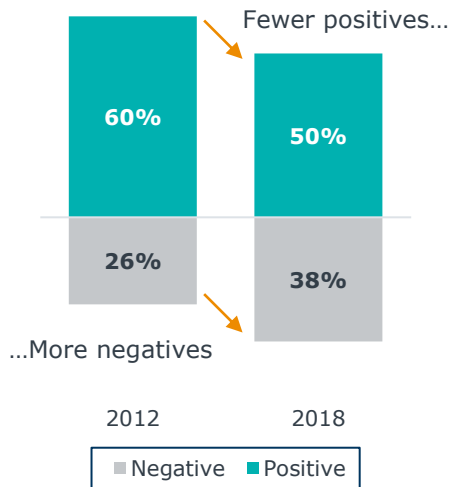


# Higher Ed Cynicism Undermines Giving

Lack of Institutional Affinity Counteracts Elevated Prospect Capacity

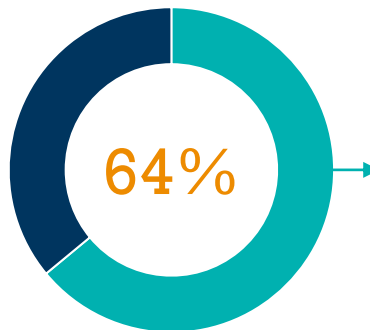
## Attitudes Toward Higher Ed Getting Worse

*Pew Research Center, 2019*



## Advancement May Be Feeling the Discontent

*EAB Advancement Investment and Performance Initiative, 2020*



Of identified \$100K+ prospects **had not given** to the institution in the **last 5 years**

# A Conundrum of Our Own Making



## Unforced Errors in Advancement Strategy Exacerbate Undercultivation



**Concentrating the Best Prospects in the Wrong Portfolios**

---



**Overloading Major Gift Officers with Prospects They Can't Cultivate**

---



**Prioritizing Alumni Participation Over Pipeline Development**

---



### Two Questions for You

1. Which of these challenges have you seen most frequently across your advancement career?
2. Which is the most pressing priority at your current institution?

# A Conundrum of Our Own Making



## Unforced Errors in Advancement Strategy Exacerbate Undercultivation



**Concentrating the Best Prospects in the Wrong Portfolios**

---



**Overloading Major Gift Officers with Prospects They Can't Cultivate**

---



**Prioritizing Alumni Participation Over Pipeline Development**

---

## 3 in 4

Institutions have at least 1 bottom-quartile MGO with a **disproportionately high share** of \$1M+ prospects

# Aligning Performance and Potential

## 3 Strategies for Minimizing the Impact of Prospect-Fundraiser Mismatches

### Distribute the Best Prospects Broadly



The University of South Dakota assigned **newly surfaced** principal gift prospects evenly across DOs<sup>1</sup>



A private liberal arts college is **removing all low-rated prospects** from assignment

### Ensure Fundraisers Spend Their Time Fundraising



The University of Miami built a **data visualizer** to show deans the effect of assigning DOs **non-fundraising tasks**



The University of Pittsburgh developed a **non-management career path** for fundraisers

### Add Accountability, Transparency to Metrics



Western Kentucky University began tracking DOs against **daily, weekly, and monthly goals**



The University of Southern California built a **performance dashboard** all DOs can access

1) Development officers.



# A Conundrum of Our Own Making

## Unforced Errors in Advancement Strategy Exacerbate Undercultivation



**Concentrating the Best Prospects in the Wrong Portfolios**

---

3 in 4

Institutions have at least 1 bottom-quartile MGO with a **disproportionately high share** of \$1M+ prospects



**Overloading Major Gift Officers with Prospects They Can't Cultivate**

---

2 to 1

Odds that an assigned major gift prospect **won't be cultivated** in a given year



**Prioritizing Alumni Participation Over Pipeline Development**

---



# Honey, I Shrunk the Portfolio

Increase Coverage by—Paradoxically—Reducing Coverage Expectations

## Queen's University Asks MGOs to Cover Fewer Prospects...



**50** Prospects in average portfolio, down from 100+

## ...While Aligning Metrics with Critical Outcomes



*Increased Weight*

- Major gift solicitations
- Number of major gifts raised
- Total dollars raised
- Assessment visits

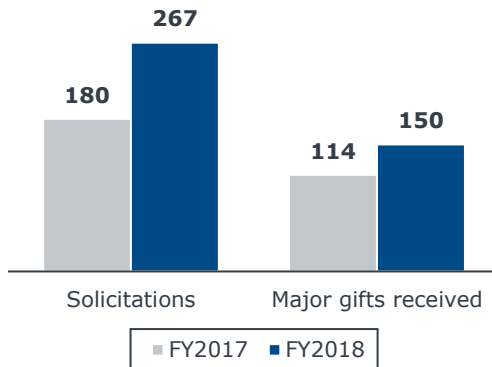


*Decreased Weight*

- Total visits
- Stewardship visits

## Refocused MGOs Increase Major Gift Efficiency

*Growth in Number of Asks and Gifts Received Since Shrinking Portfolios*



**-37%** Decrease in average cultivation time



## A Bold Departure from Business as Usual

Utah State Eliminates Portfolios in Favor of Proposal-Centric System

“

Portfolios are gone. **Our whole system is based on future and expected proposals.** We've created a culture of accountability which allows us to realistically project future proposals three fiscal years down the road.

*Matthew White, Vice President for Advancement  
Utah State University*

”

# A Conundrum of Our Own Making

## Unforced Errors in Advancement Strategy Exacerbate Undercultivation



**Concentrating the Best Prospects in the Wrong Portfolios**

---

3 in 4

Institutions have at least 1 bottom-quartile MGO with a **disproportionately high share** of \$1M+ prospects



**Overloading Major Gift Officers with Prospects They Can't Cultivate**

---

2 to 1

Odds that an assigned major gift prospect **won't be cultivated** in a given year



**Prioritizing Alumni Participation Over Pipeline Development**

---

50%

**More direct-response annual giving staff** than leadership annual giving staff at the median institution



## APR: Advancement's Loss Leader

Chasing Small Donors Getting Harder, Costlier, Less Intentional

### Advancement Leaders Bemoan APR Obsession

#### Countervailing Winds Complicate Efforts...

“ Alumni participation has always been a priority. It’s just much harder now. We’re undergoing a **generational shift from high to low participation.**”

Vice President, Advancement

#### ...Yet Institutional Leaders Remain Enthralled

“ For the board, **alumni participation is the holy grail.** But almost all of the events and activities we’re doing to chase participation are **losing money.**”

Vice President, Advancement

How strongly does your institution’s leadership prioritize alumni participation?  
How strongly do you wish they prioritized alumni participation?

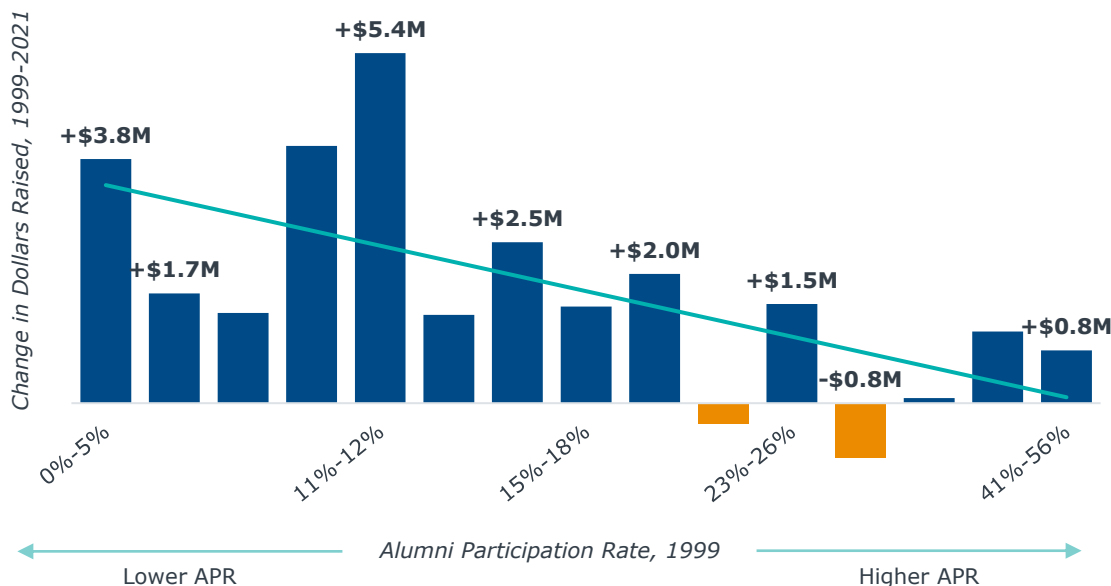


# A Bad Bet for Future Growth

High APR Does Not Translate to More Major Gift Donors Later

## The Highest-APR Institutions 22 Years Ago Saw the Smallest Returns

Median Fundraising Change (1999-2021, in 2021 Dollars) by 1999 Alumni Participation Rate



# Setting Our Sights on Tomorrow's Prospects

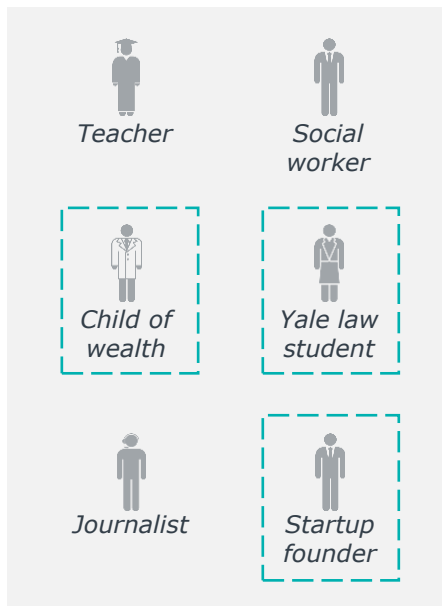


Advancement Must Adopt Future Pipeline Strategy for Scale and Sustainability

## Moving from General Pipeline Development to a Targeted Strategy

### Moving From One-Size-Fits-All...

- One-size-fits-all appeals
- Mass engagement programming



### ...To Active Pipeline Engagement

- Bespoke engagement
- Targeted appeals
- Proactive management
- Attentive monitoring

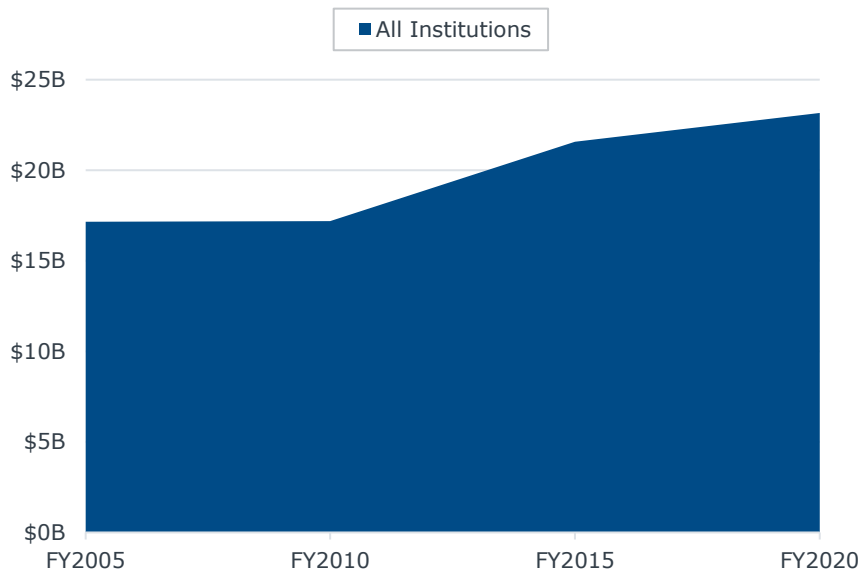
# A Path Forward for the Prospect-Constrained?



Past Decade-Plus Has Brought Immense Growth in Non-Alumni Giving

## Total Non-Alumni Giving (in 2020 Dollars)

*Voluntary Support of Education Survey, 2005-2020*



**+35%**

Growth in real non-alumni dollars, 2005-2020

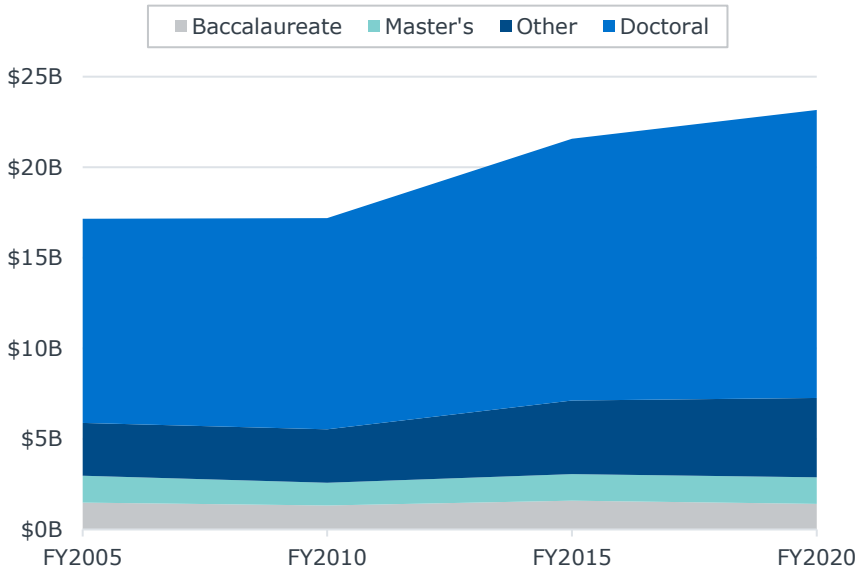


# ...Yet Growth Is Concentrated at the Top

Few Signs Non-Doctoral Institutions Can Expand Significantly

## Total Non-Alumni Giving (in 2020 Dollars)

Voluntary Support of Education Survey, 2005-2020



**+35%**

Growth in non-alumni dollars, 2005-2020

**77%**

Of net-new dollars went to doctoral institutions



# If You Do Decide to Move Forward...

## How to Avoid Investment in Non-Alumni Prospects without a Return

### 1 Look Before You Leap

Identify prospects, estimate capacity, and size your opportunity before committing resources

---

### 2 Simplify Prospects' Experience

Create a one-stop shop so organizations have a single point of contact

---

### 3 Enfranchise Campus Partners

Educate and engage deans, faculty, career services, etc. to provide value to partners

---

For a deeper dive on organizational giving, check out EAB's [\*Corporate and Foundation Relations white paper\*](#).



---

Questions? Comments?  
Thoughts? Reflections?

---

# A Path to Growth

## Overcoming the Factors that Hold Us Back

### The 3 Constraints on Fundraising Growth



*Our Focus for Today*

## 1 Capitalizing on a Growing Prospect Base

## 2 Aligning Resources with Institutional Ambition

## 3 Creating Pathways for Transformative Impact