Our Great Challenge: Are We Ready for the Future?

May 16, 2016
Are We Ready for the Future?

1. Can we retain our talent?
2. Can we grow more talent?
3. Can we staff to meet the new realities of philanthropy?
4. Can our staff unlock the new tools fast enough?
5. Can we survive during great budget pressures?
Major Gift Officers

Bulk of MGOs fall into the low-average end of the spectrum

Low Performers

Mid Performers

Some MGOs not performing to potential due to limited tenure

High Performers

MGOs exceeding expectations are extremely scarce
High Performing Fundraisers

Go on 20% to 30% more calls and visits with donors and prospects.

Get to the ask 6 months earlier on average.

Make larger, more strategic asks.
High Performing Fundraisers

1. High performers that leave have been promoted internally.
2. Low performers that stay don’t think performance reviews are effective.
3. High performers that stay have goals for the number of gifts secured.

Don’t think performance reviews are effective.
Have goals for the number of gifts secured.
Have been promoted internally.
81% of frontline fundraisers were contacted 3 or more times each year about new jobs.

31% of frontline fundraisers were open to new job offers.
Timeframe for Success

![Chart showing 5-Year Yield vs. Years of Experience]

- 0–2 Years: 1.72%
- 2–3 Years: 1.90%
- 3–4 Years: 2.82%
- >4 Years: 9.70%

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Growth of Talent Management Programs

More public universities have created in-house development-specific recruiting and talent training teams of three to six staff members:

Penn State University
University of Florida
University of Illinois
University of Michigan
University of Minnesota

University of Texas–Austin
University of California–Los Angeles
University of Virginia
University of Washington
Growth of Internship Programs

Comprehensive programs that include education, mentoring and professional development and host five or more student interns per year.
Growth of Professional Development Programs
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Individual Giving as a Percentage of Disposable Income Remains Relatively Constant

Source: Giving USA 2014
Today’s pyramids are looking more and more like a steeple, with a handful of top constituents driving campaign goals.
Major gifts are driven by a handful of the very successful.

From 1979–2012, Incomes of the 1 Percent Grew by 181 Percent
In the same period, the rest of the country saw an increase of just 2.6 percent.

180.9% 2.6%

Top 1% Income Increase Bottom 99% Income Increase

The world’s UHNW population accounts for only 0.004% of the world’s adult population, but controls almost 13% of the world’s total wealth.

North America’s UHNW population grew by 6.2% to 74,865 individuals, and their combined net worth rose 6% to $10.3 trillion in 2014.

High-Net-Worth Boomers

Only 50% of HNW Boomers ($3M+ in assets) prioritize leaving money to their kids (down from the 75% of previous generations).

65 = 54
65-year-olds today have the same life mortality and health of 54-year-olds in 1947.

19% Decrease in Wealth Transfer Expectations of Boomers

Own
Boomers control 70% of U.S. Household Income and
Boomers own 80% of all money in savings and loan associations.
Family Foundations Are on the Rise

46.7% of giving by all foundations is by family foundations ($25.22 billion).

Overall, foundation giving is expected to grow a few points ahead of inflation, and independent and family foundations are expected to show an even higher rate of growth.

Source: Giving USA 2014
Giving to Education is Increasing

Giving to Education
(in billions of inflation-adjusted dollars)

Source: Giving USA 2014
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The changing landscape of
FUNDRAISING
ANALYTICS

91% of established programs observe positive results from analytics investment

Survey respondents were equally distributed across the United States.

Top Analysis Methods
- Segmentation 33.5%
- Predictive Modeling 25.7%
- Point-Based Ranking 14.0%
- Descriptive Analysis 12.6%
- Clustering 9.5%
### Analytics: Using Data Analysis and Business Knowledge to Gain Insight

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Annual Giving Budgeting Breakdown

- 43% Budget Spent on Direct Mail
- 28% Budget Spent on Phonathon
- 29% Budget Spent on Other

Source: The Annual Giving Network 2014 Survey Report
Is Direct Mail Dead?

Postage costs continue to rise.

6% decline in the number of direct mail gifts processed from 2014–2015.

Only 10% of Generation Y (millennials) report they gave via direct mail between 2012–2013 compared to 40% of baby boomers.

Average Internet User has 5.54 Social Media Accounts

Source: GlobalWebIndex
The Percent of Institutions Using Social Media for Fundraising is Rising

Source: The Sixth Annual Survey of Social Media in Advancement, conducted by CASE, Huron Education, and Michael Stoner
Online Giving

- **9.2%** online giving grew in 2015.
- **7.1%** of online donations of all fundraising in 2015.
- **14%** of online donations were made on a mobile device in 2015.

*Source: Blackbaud Charitable Giving Report*
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State Funding to Higher Education

Source: State Higher Education Executive Officers Association, State Higher Education Finance 2015 Report

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Funding Sources

Nationwide

North Carolina

Source: State Higher Education Executive Officers Association, State Higher Education Finance 2015 Report

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UNC System

2008–2015
- 23% decrease in state funding.
- In-state tuition has risen an average of 35.8%.
- Decline in state-funded need-based financial aid.

2016–2017
- $1 million cap on state funding for development.
- $46.4 million in discretional cuts to be made.
Doing More With Less

- Focus
- Premeditated Neglect
- Learning New Approaches
- Differentiate: Pay for Performance
Thank You

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