Maximizing Donor Potential

An Overview of High-Level Trends in Higher Education and Advancement

For the 2017 University of North Carolina System Advancement Symposium
Start with best practices research

**EAB Research Forums**

**Academic Affairs and Research**
- Academic Affairs Forum
- Enrollment Management Forum
- Continuing and Online Education Forum
- Student Affairs Forum
- University Research Forum

**Business Affairs and Administration**
- Business Affairs Forum
- **Advancement Forum**
- IT Forum
- Facilities Forum

**Systems, Community Colleges, and K–12**
- University Systems Forum
- Community College Executive Forum
- Independent School Executive Forum

Then hardwire those insights into your organization using our technology & services

**EAB Technologies and Services**

**Enrollment Management**
- Royall & Company
- Hardwick Day

**Student Success Collaborative**
- Campus
- Guide
- Navigate

**Growth and Academic Operations**
- Academic Performance Solutions
- University Spend Collaborative

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**1,100+**
College and university members

**10,000**
Research interviews per year

**250M+**
Course records in our student success analytic models

**1.2B**
Student interactions
How We Do Our Work

How We Conduct a Study

**Literature Review and Expert Interviews**
A literature review and interviews with all relevant experts provide a deeper understanding of root cause problems and help identify new ideas.

**Exhaustive Screening for Breakthrough Practice**
 Interviews are conducted with hundreds of colleges and universities to isolate the few dozen that have pioneered truly innovative practices and can show demonstrable results.

**In-Depth Case Study Research**
Multi-day interviews and onsites are completed with these institutions to understand how the practices work and the implementation requirements, benefits, and potential drawbacks.

**Rigorous Analysis and Recommendations**
The research team spends several months synthesizing the research and preparing detailed recommendations to guide members in how to implement the practices and strategies uncovered in the research.

**Executive-Level Strategy Guidance and Practical Implementation Support**

**CAO Roundtables**
Two-day, in-person executive summits featuring concise presentations of current research and discussion with peers

**Implementation Toolkits**
Turnkey solutions to enable best practice implementation through a variety of tools, templates, and other resources

**AskEAB**
Access to EAB researchers who can track down answers to your particular questions, pulling from existing research and making networking connections

**Peer Networking**
Facilitated introductions to other members facing similar challenges, with relevant experience to discuss organizational benchmarks and implementation guidance

**Leadership Summits**
Annual summit for rising campus leaders (AVP level) to review our research on selected hot topics and network with peers

**Onsite Sessions**
Facilitated, on-campus strategy session for boards, leadership teams, or staff retreats

**Hot Topic Webinars**
Virtual education sessions focused on select strategies from best practice research open to all staff with unlimited registration through the year; archived presentations available on demand via EAB.com

**Best Practice Solutions**
Produced regularly, our best practice studies are available online in our research library; hardcopies can be ordered in unlimited quantities by members
In Our Library Now

**Talent Management**
- Gifted and Talented: *What Makes a Top Performer in the Age of Venture Philanthropy*
- Competing for Talent: *9 Strategies for Improving Major Gift Officer Recruitment*

**Campaign Strategy**
- Optimizing the Campaign Pipeline: *New Approaches to Mid-Level Giving*
- The Donor Investor Imperative: *Engaging Academic Partners for Transformation and Impact*

**Fundraising Innovation**
- Winning Donor Mindshare in the Attention Economy: *Maximizing ROI from Multichannel Annual Giving*
- The Changing Pace of the 21st Century Donor: *Working With Diverse Alumni Segments*

**Alumni Relations and Engagement**
- The Strategic Alumni Relations Enterprise: *Ensuring Relevance and Impact in a New Era*
- The New Rules of Engagement: *Building the Next Generation of Alumni Leaders and Volunteers*

**Metrics and Accountability**
- Making Meaning of Metrics: *Leveraging Accountability and Analytics to Enhance Fundraiser Productivity*
- Leveraging Benchmarks to Make the Case for Investment

**Student and Parent Philanthropy**
- Creating a Culture of Giving Among Current Students

**Other topics**
- The Professional Development Playbook: *A Toolkit to Target Skill Building and Maximize Advancement Staff Performance*
- Perfecting the First 180 Days: *A Toolkit for Onboarding Major Gift Officers*
- Agile Campaign Strategy
- Mini-Campaign Playbook
- Applying the New Rules to Campaign Committees and Other Volunteer Structures
- Disruptive Innovations in University Fundraising: *Mobile Optimized Giving, Text to Give, & Social Media Fundraising*
- The Power of the Crowd: *New Frontiers in College and University Fundraising*
- The Alumni Leadership Volunteerism Resource Center
- Reinventing Alumni Career Services
- Presenting and Promoting Success: *Creating Actionable Advancement Dashboards for Strategic and Managerial Reporting*
- Advancement Investment and Performance Initiative
- Reorienting to the Top: *Targeted Strategies for High-Value Parent Fundraising*
1. The State of Higher Education Advancement

2. Earning Major and Principal Gifts from the Donor Investor

3. Winning Donor Mindshare in the Attention Economy
What A Difference Half a Century Makes

From “Margin for Excellence” to Keeping the Lights On

Tax funds generally can support the basic needs of public higher education. But the ingredients for academic excellence include private support.

Tax revenue can be used to build and maintain most classrooms, libraries, and laboratories. They can provide average salaries for faculty members. But then there are all the enriching features of a sound educational program that mean the difference between good and great universities: new and challenging courses of study, cultural programs, museum and library collections, continuing research, unusual equipment, student aid, competitive faculty salaries, special buildings.

These represent the ‘margin for excellence,’ which depends chiefly on private support.

Why should public colleges and universities develop this margin for excellence? The answer is not a selfish one: the progress of the entire nation is at stake.”

Report of the Association of Public and Land-Grant Universities, 1966

Bridging the Funding Gap

Administrators Look to Advancement to Fill Holes

“Advancement has taken on much more of an important role lately, which coincides with the downturn in state support. We’ve seen increases in tuition, but politically you can’t increase tuition enough to take care of your shortfall—and you don’t want to. So philanthropy is the next frontier. In the old days whatever you raised was good enough—now it’s not.”

Keith Inman
Vice President, Advancement
University of Louisville

Giving to Higher Education at an All-Time High, Driven by the Mega-Campaigns of the Last Decade

How Causes Have Fared Over the Years

In Billions of Dollars

Recent Billion-Dollar Campaigns

<table>
<thead>
<tr>
<th>University</th>
<th>Campaign Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Southern California</td>
<td>$6B</td>
</tr>
<tr>
<td>MIT</td>
<td>$5B</td>
</tr>
<tr>
<td>University of Toronto</td>
<td>$2B</td>
</tr>
<tr>
<td>The University of Akron</td>
<td>$1.2B</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>$1.5B</td>
</tr>
</tbody>
</table>

80 $1B+ campaigns completed in last 10 years

50 $1B+ campaigns currently underway

### $1M+ Gifts Across Higher Education

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>Public</th>
<th>Total Value of Gifts(^1)</th>
<th>Average Gift Size(^1)</th>
<th>Largest Gift(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baccalaureate Schools</td>
<td>Public</td>
<td>$56M</td>
<td>$2.5M</td>
<td>$11M</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>$863M</td>
<td>$5M</td>
<td>$102M</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$919M</td>
<td>$4.7M</td>
<td></td>
</tr>
<tr>
<td>Master’s Programs</td>
<td>Public</td>
<td>$378M</td>
<td>$3.1M</td>
<td>$45M</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>$757M</td>
<td>$5M</td>
<td>$20M</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$1.1B</td>
<td>$4.2M</td>
<td></td>
</tr>
<tr>
<td>Research Institutions</td>
<td>Public</td>
<td>$5.6B</td>
<td>$8.4M</td>
<td>$84M</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>$8.4B</td>
<td>$21M</td>
<td>$306M</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$14B</td>
<td>$13.1M</td>
<td></td>
</tr>
</tbody>
</table>

1) From a living individual, couple, or family in FY 2010-2014, as reported by the Lilly Family School of Philanthropy.
2) From a living individual in FY 2010-2015 as reported by the Council for Aid to Education.

...The Worst of Times

Gift Appeals Sent to More Alumni, but Fewer Give Back

25 Years of Participation Declines
Average Alumni Participation Rates (APR), 1975-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>APR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>20%</td>
</tr>
<tr>
<td>1979</td>
<td>18%</td>
</tr>
<tr>
<td>1983</td>
<td>16%</td>
</tr>
<tr>
<td>1987</td>
<td>14%</td>
</tr>
<tr>
<td>1991</td>
<td>12%</td>
</tr>
<tr>
<td>1995</td>
<td>10%</td>
</tr>
<tr>
<td>1999</td>
<td>8%</td>
</tr>
<tr>
<td>2003</td>
<td>6%</td>
</tr>
<tr>
<td>2007</td>
<td>4%</td>
</tr>
<tr>
<td>2011</td>
<td>2%</td>
</tr>
<tr>
<td>2015</td>
<td>0%</td>
</tr>
</tbody>
</table>

Asking More Alumni for Fewer Gifts
Median Number of Solicited Alumni and Alumni Donors, 2005-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Solicited Alumni</th>
<th>Alumni Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>23,701</td>
<td>4,067</td>
</tr>
<tr>
<td>2006</td>
<td>27,057</td>
<td>3,704</td>
</tr>
<tr>
<td>2007</td>
<td>32,080</td>
<td>3,484</td>
</tr>
</tbody>
</table>

35% Increase in the number of solicited alumni since 2005
-14% Decrease in the number of alumni donors since 2005

Donor Losses Not Confined to Higher Ed

Past Ten Years Bring Big Declines in Supporter Numbers to All Nonprofits

Nonprofit Donor Counts Contract

Median Change in All Donors and New Donors to Nonprofit Organizations, 2005-2015


Recession begins
Recession ends

-25.1%
-39.0%

The Recession Is Only Half the Story

“Donors have been declining at a slow but remarkably consistent pace over the past ten years…. The recession of 2007-2009 certainly had a negative impact on donor numbers, and particularly on new donor acquisition. But the longevity and consistency of the declines we have seen indicate that they have deeper root causes than relatively short-term economic trends.”

Target Analytics
donorCentrics Index of Direct Marketing Fundraising

Has “Peak Engagement” Passed?

“The way I’ve responded to uncertain future pipelines is to harvest maximum wallet share of every man, woman, and child of the 1960s and to plan for my retirement. Everyone’s biggest fear that nobody is willing to say out loud is: Have we passed ‘Peak Engagement’ ?”

Vice President for Development
Private Research University
Major Gifts Depend on Early Acquisition

Annual Fund Serves Crucial Cultivation Role for Future Supporters

Jane Q. Donor’s Path to Major Giving

First Gift

**Average first gift of major donors is $179**

First Leadership Gift

Donors on average take **seven years** to make a $1,000 gift

First Major Gift

54% of major donors give for **16+ years** before $25K gift

Consistent Giving While Young

Donors who give every year for the first five years give **3x as much** as other donors by their 20th reunion

Frequent Upgrades

Donors who **upgrade consistently** have a **9x better chance** of one day giving a major gift

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# Emerging Challenges Impeding Progress

## Three Main Pain Points Keep Us from Realizing Principal Gift Success

### Strategic Plan Inadequate
- Institutional uniqueness lost in favor of broad thematic areas
- Many priorities merit internal funding
- Statement of priorities too broad for advancement

### Lack of Ideas on a Grand Scale
- Immediate needs prioritized over long-term vision
- Research in silos, yet global problems cross disciplines
- Academic culture not equipped or incented to “think big”
- Advancement-academy disconnect

### A New Breed of Donor
- Donor investors seek long-term sustainable impact
- Expectation of deep relationship with project leaders
- Desire for hands-on engagement and influence

Source: Advancement Forum interviews and analysis.
Challenge #1

What Got Us Here Won’t Get Us There

Reflecting on a Decade of Campaign Priorities

Strategic Plan Goals Become Campaign Priorities

EAB Analysis of Strategic Plans

<table>
<thead>
<tr>
<th>Goal</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Excellence</td>
<td>97%</td>
</tr>
<tr>
<td>Financial Stability</td>
<td>94%</td>
</tr>
<tr>
<td>Student Success</td>
<td>94%</td>
</tr>
<tr>
<td>Student Satisfaction</td>
<td>88%</td>
</tr>
<tr>
<td>Community Impact</td>
<td>78%</td>
</tr>
<tr>
<td>Increasing Research</td>
<td>59%</td>
</tr>
</tbody>
</table>

Higher Education’s Pinnacle Gifts Cross Silos

- **Johns Hopkins University**
  - Michael Bloomberg pledges $250M for interdisciplinary research

- **Santa Clara University**
  - Jeff and Karen Miller pledge $25M for center for social entrepreneurship

- **Swarthmore College**
  - Eugene Lang pledges $50M to foster links between engineering and the liberal arts

- **University of Oregon**
  - Connie and Steve Ballmer give $20M for human development faculty cluster

Source: EAB interviews and analysis; Advancement Forum interviews and analysis.
Challenge #2

A Lack of Ideas on a Grand Scale

Advancement Doesn’t Have All of the Ideas

What I’m not finding at our institution are enough big ideas that will take the $1M gift and make that next gift $5M. The ideas are very operational. Faculty are not thinking longer-term or coming to me and saying “if I had a $20M gift, I could do X, Y, and Z.” We’re just not seeing those conversations emerge.”

Vice President, Development
Public Research Institution

Source: Advancement Forum interviews and analysis.
Internal Obstacles Impede Progress

Factors Contributing to Inability to Think Big

**Academic Culture**
- Day-to-day operational needs more urgent than long-term vision
- Few incentives for academic partners to think outside of their department, college, or school
- Scarcity of resources means today’s needs take precedence

**Advancement-Faculty Disconnect**
- Advancement often unaware of interdisciplinary faculty collaboration
- Limited understanding of advancement’s role on campus
- Campus leaders asked to work with fundraisers without prior training or preparation

> Deans come to me with every one-off need and idea they have, even though they’re not all good for donors. **I feel like the campus ATM**, and the line forms every morning.”

_Vice President, Institutional Advancement_
/Public Master’s Institution_

> If we hire a secretary, that person will have to go through dozens of university trainings for their job responsibilities. **I have never been trained for 95% of what I do, especially the 30-40% that is fundraising.**”

_David Perlmutter, Ph.D._
/Dean, College of Media and Communication_
/Texas Tech University_

Source: Advancement Forum interviews and analysis.
Challenge #3

A New Breed of Donor

With Heightened Expectations for the Organizations They Support

An Emerging Donor on Advancement’s Mind

The Donor-Investor Seeks

Transformative Impact

Evidence that their gift has led to change that would not otherwise be possible

Compelling Ideas

Innovative, large-scale solutions to local, national, or global problems

Credible Connections

Investment in people who can link big ideas to impact

Donors everywhere are much more strategic and thoughtful about their giving. They want to see data and outcomes. They constantly ask ‘Can you show me the numbers?’”

Heidi McCrory
Vice President, College Relations
Kenyon College

Source: Advancement Forum interviews and analysis.
Donors Seek Transformative Impact

Affinity to Issues, Not Institutions

Donors Are Impact-Centric

62% 
Want information on how the organization plans to use the gift

75% 
Want information on results achieved with their gift

64% 
Want stories about people who were helped

How Next Generation Donors Consider Philanthropic Investments1

1) Setting Goals
First decide philanthropic goals, then search for potential recipients

2) Evaluating Organizations
Conduct research and due diligence before deciding what to support

3) Solving Problems
Fund efforts that address root causes and attempt systematic solutions

4) Analyzing Results
Prefer information on proven effectiveness or measurable impact

Donors Seek Compelling Ideas

MacArthur Foundation Sets the Bar

$100M grant competition open to anyone in any field anywhere

Goal of solving “a critical problem affecting people, places, or the planet.”

Impact must be “meaningful, verifiable, durable, and feasible.”

Transparent selection process

MacArthur Foundation 100&Change

Our Strategy

100&Change is a MacArthur Foundation competition for a $100 million grant to fund a single proposal that promises real and measurable progress in solving a critical problem of our time. We will consider proposals from any field or problem area.

Our Approach

Some problems cannot be solved by grants of the size that foundations typically provide. By level for above what is typical in philanthropy, we can address problems and support solutions radically different in scale, scope, and complexity. $100 million is a large enough sum to focus serious problem and its solution in a meaningful and lasting way. We hope that 100&Change can surface solutions and roadmap for solving some of our most significant problems.

The openness of the 100&Change competition is a counterbalance to the Foundation’s big bets that strive for transformational impact in areas identified by the Foundation’s board and staff. We recognize that we do not know it all and have designed 100&Change to be open to those with expertise in problem and field or problem area.

We are seeking proposals that articulate both a problem and its solution. Competitive proposals address a meaningful problem and provide a solution that is verifiable, durable, and feasible.

The Selection Process

We have designed a selection process that is fair, open, and transparent. In the first round, a panel of external judges will review and score proposals using a common rubric. Based on the scores, up to ten semifinalists will be invited to provide further details about their proposals and engage with targeted communities. The semifinalists will also receive technical assistance from an expert team who will assist and advise plans for implementation of the proposed solution. From this group, a smaller number of finalists will be selected. These finalists will present their solutions at a final event in the fall of 2017. Selection of the final award recipient will occur at MacArthur’s Board of Trustees meeting in December.

Specific terms and conditions are available on the competition website. The competition website is at 100&Change.com. The application portal will open Thursday, June 2, 2016; applications are due no later than Monday, October 3, 2016, at 11:59 a.m. Central. However, you must first register by Friday, September 2, 2016, at 11:59 a.m. Central.

Higher Stakes for Higher Education

“Donors are interested in substance. They are trying to achieve something in the world, and they can use universities to do that. What we have to do is convince them that a university is a good investment for how they want to change the world. That information is only going to come from the academic leaders.”

Provost
Canadian Research Institution

Donors Engage with Leaders to Evaluate the Impact of Their Gifts

Direct Engagement Favored as an Evaluation Tool

How High Net Worth Philanthropists Evaluate Organizations

- 79.7% Direct Engagement with Nonprofit
- 45.5% Nonprofit Reports (e.g., Charity Navigator, GuideStar)
- 43.7% Annual Reports
- 6.2% Other

Donors Invest in People

Any nonprofit is only as good as the people who run it. At the end of the day, you’re investing in people...

It’s a lot more informative to have a conversation with whoever is carrying out the group’s mission than to read about them online.

Carrie Morgridge
Vice President, Morgridge Family Foundation
Author, Every Gift Matters: How Your Passion Can Change the World

Alumni Invest in Faculty

- 55%

Of alumni consider relationships with their professors to be a primary source of affinity for their college, university, or school

Multiple Barriers to Participation

**Faculty Reluctant to Engage**

**Scarcity of Faculty Time**

According to a Higher Education Research Institute survey (1996), faculty spend their time as follows:

- **Teaching**: 55%
- **Research**: 18%
- **Service**: 23%

However, departments expect them to spend their time as follows:

- **Research**: 175%
- **Teaching**: 20%
- **Service**: 20%

Faculty Professors would like to spend their time as follows:

- **Research**: 20%

**Advancement Asks for the Wrong Things**

- **Time**: Annual fund solicitations, prospect research, project feasibility studies
- **Giving**: Participation in faculty and staff campaign
- **Contacts**: Sharing connections built with students and alumni

**Faculty Misconceptions About Their Role**

- **Finding** donors
- **Writing** proposals
- **Asking** for gifts

What Only Our Academic Partners Can Do

Donor Expectations Require Renewed Partnership

Current Challenges

Compelling Ideas
- Deans have a scarcity mindset
- Disconnect between deans and faculty activities

Transformative Impact
- Faculty unaware of reasons to share results internally
- Deans unaware of importance of bigger-picture impact

Credible Connections
- Academic leaders ill-equipped to communicate their expertise to donors
- Advancement leaders ask faculty for the wrong things

Integral Opportunities

Sourcing Big Ideas

Communicating the Impact of Big Ideas

Perfecting the Pitch

Source: Advancement Forum interviews and analysis.
What’s A Big Idea?

How Universities Are Defining The Big Idea

A big idea should:
- Transform the University and the world
- Make the University unique in the marketplace
- Focus on where the University is good but could become better
- Include areas where the University is emerging as a leader

A big idea should not:
- Be defined *solely* by a capital project
- Solely feature a naming opportunity
- Bundle together smaller ideas
- Lead to slow, incremental improvement

Big Ideas Scoring System

Transformative impact on campus
Meets an immediate need
Increases national acclaim
Creates pan-campus collaboration

- Alignment with mission and academic plan goals
- Building on existing academic strengths
- Fostering interdisciplinary collaboration
- Links to fundamental societal challenges or opportunities
- Viable funding model, including philanthropy and institutional funding
- Sustainability beyond three to five years
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Fundraisers Must Shift Strategy to Acquire Young Donors

Young Alumni Overtake Older Alumni

Number of People Turning 30 and 50, 2006-2026

<table>
<thead>
<tr>
<th>Year</th>
<th>Turning 50</th>
<th>Turning 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.2M</td>
<td>3.2M</td>
</tr>
<tr>
<td>2008</td>
<td>3.8M</td>
<td>3.2M</td>
</tr>
<tr>
<td>2010</td>
<td>4.2M</td>
<td>3.7M</td>
</tr>
<tr>
<td>2012</td>
<td>3.9M</td>
<td>3.2M</td>
</tr>
</tbody>
</table>

In 2015, 30-year-olds surpassed 50-year-olds

Millennial Attitudes Toward Giving

Preference for Digital Philanthropy

70% Of Millennials say that they give online (v. 34% for mail and 15% for phone)

Attachment to Social Causes

76% Of Millennials believe they can affect change for the social issues they care most about

Desire for Control

46% Of Millennials feel like donations to their alma mater would go into a “black hole”

Our Future Base of Support

Every nonprofit in the country—universities, whatever—will be reliant on Millennials within five to 10 years. They can’t be dismissed. They need to be understood.”

Scott Mory, Vice President for University Advancement Carnegie Mellon University

### Failing to Convince Skeptical Alumni

#### Millennial Alumni Skeptical about Giving to Higher Ed

<table>
<thead>
<tr>
<th>Often very generous...</th>
<th>...but prefer charities...</th>
<th>...over higher education</th>
</tr>
</thead>
<tbody>
<tr>
<td>61%</td>
<td>75%</td>
<td>55%</td>
</tr>
<tr>
<td>Of Millennial donors give to 3 or more nonprofits annually</td>
<td>Would give to another nonprofit before their alma mater</td>
<td>Have never donated to their alma mater</td>
</tr>
</tbody>
</table>

#### Higher Ed Not Delivering on Impact

“It would never cross my mind to give to my school. If I can only give $100, you get to see that go so much farther with a smaller, more localized cause. If you give $100 to a school you might get a thank-you note. It almost feels like giving your money to the mall.”

*Katie Randall*

25-Year-Old Augustana College Graduate

A Socially Conscious Generation

Millennials Support What’s Meaningful to Them

Giving Motivations Diverge by Generation

Primary Reason for Giving

- Passion for the Cause
- Organization Relies on Donations

55%   63%   65%   36%
Silent  Boomer  Gen X  Millennial

A Belief in Big Impact

52% Gave to a social issue in the past month
82% Would give to specific projects and purposes

Unrestricted Giving’s Share of Total Giving

2005  2015
Public  Private

Welcome to the Attention Economy

Fleeting Mindshare Makes It Harder to Win Alumni Donors

Key Features of the Attention Economy

- **Information Overload**
  Individuals must sort through more information than ever before

- **Split-Second Decisions**
  Appeals for money or attention elicit gut-check responses from busy consumers

- **Top of the Inbox Wins**
  Endless influx of communications means consumers focus on the last organization to reach out

- **Relevance Is Paramount**
  Consumers stay tuned in and primed to buy as long as the organization is engaging them with content that is relevant to their lives

It's beginning to dawn on people who ponder these kinds of things that it's attention, not information, that lies at the heart of the new online world. In a world full of information, the **scarcest commodities are your eyeballs and ears.**
Commercial Organizations and Nonprofits Amp Up Outreach

Digital Ad Spending Skyrockets

**Dollars Spent on Digital Ads (in Billions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Digital Ad Spending (in Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$32.0</td>
</tr>
<tr>
<td>2012</td>
<td>$36.8</td>
</tr>
<tr>
<td>2013</td>
<td>$43.1</td>
</tr>
<tr>
<td>2014</td>
<td>$49.7</td>
</tr>
<tr>
<td>2015</td>
<td>$59.6</td>
</tr>
</tbody>
</table>

86.3% growth over four years

Nonprofits Scramble to Be Heard

**Frequency of Fundraising Appeals, 2014-2015**

- **Email at Least Monthly**
  - 2014: 33%
  - 2015: 45%

- **Direct Mail at Least Quarterly**
  - 2014: 28%
  - 2015: 36%

Email at Least Monthly: 86.3% growth over four years

Digital ad exposures: 1,324 per user per day in the United States

Crowded Philanthropic Sector Contributes to Fundraising Woes

Unprecedented Growth in the Size of the Sector

Number of Public Charities, 1986-2016

More Options, Less Support

“The long term trend continues to move towards giving to fewer causes, with 42% of the survey’s oldest donors supporting eleven or more charities versus only 22% of middle-age donors”

Penelope Burk
The Burk Donor Survey 2014


1) Approximate figure for 1986.
Donor Loyalty Declines as Giving Options Grow

The Rise of Impulse Giving

A Shift in Behaviors

“The next generation of donors have different philanthropic behaviors. They do more one-off giving than their predecessors. They come, they go. There’s been a shift away from doing checkbook philanthropy at the end of the year where you look up what causes you gave to last year and make those same gifts again.”

Barbara Turman
AVP Annual Giving
Rutgers University

Impulse Givers
Support a constantly shifting roster of nonprofits whenever the mood strikes

Habitual Supporters
Make regular donations, but to somewhat random causes

Selective Givers
Give spontaneously, but do so to a fixed set of causes

Philanthropic Planners
Routinely give and deliberately select nonprofits to support

1) Remaining 20% of respondents’ survey answers did not place them into any one of the four categories.

Winning Donor Mindshare in the Attention Economy

Maximizing ROI Through Multichannel Annual Giving

Beginning at the End of the Annual Giving Pipeline

Convert Almost-Givers

Compete for Awareness

Cultivate the Unconvinced

Make It Easy to Give

Cut Through the Noise

Connect Alumni to a Cause

Opportunity Size

Opportunity Size

Opportunity Size

Population Size

Population Size

Population Size

Goal: Plug Leaky Renewal and Acquisition Pipeline

Goal: Expand Pipeline to Include Interested Lapsed and Non-Donors

Goal: Augment Traditional Donor Constituencies with New Donors

Source: Advancement Forum interviews and analysis.
Member Rated Top Topics Under Consideration

Giving pyramids today look like inverted thumbtacks—where five percent of our donors account for 95% of our fundraising returns. Chief advancement officers are feeling pressure across the entire giving pyramid. At the top, there is increased urgency to widen the group of small, but extremely influential donors. But we can only accomplish this if we tap into the capacity that already exists in the middle of the pyramid and reach non-donor alumni with capacity that we’ve been unable to reach in the past. To do that, we not only have to deploy tactics that effectively steward and upgrade current donors over time, but we also have to deploy scalable discovery and cultivation tactics, including volunteer opportunities that expand our reach beyond the usual suspects to increasingly diverse alumni and parent populations.

- Innovations at the Top of the Giving Pyramid
- Diversifying Board and Volunteer Groups
- Overcoming Inertia in the Middle

Leveraging Business Intelligence to Enhance Pipeline Development

Executive Roundtables
- July 24-25, 2017; Washington, DC
- September 18-19, 2017; Chicago, IL
- October 16-17, 2017; Marina del Rey, CA
- January 29-30, 2018; Washington, DC

Large Shop Executive Roundtable
- July 31-August 1, 2017; Washington, DC

Small Shop Executive Roundtable
- November 9-10, 2017; Washington, DC

Team Summit
- September 26-27, 2017; Washington, DC
- January 18-19, 2018; Washington, DC

Source: Advancement Forum interviews and analysis.