

Because That's Where the Money Is

By Leonard J. Moisan, Ph.D.

Having a reasonable understanding of what to expect during a fundraising campaign can enhance both the planning and the ultimate success of any effort. While many cases of successful capital and comprehensive fundraising efforts have been documented, very little hard baseline data are available to help colleges determine benchmarks for fundraising. Most institutions still rely heavily on anecdotal information and advice from consultants in planning their campaigns.

This does not suggest that research providing hard data will eliminate this reliance, but knowing the experiences of other institutions can help better predict what might occur and thereby help establish realistic expectations at your institution.

In the current environment, this is a particularly urgent need. According to the American Council on Education's Campus Trends report for 1991, operating budgets at one-third of all higher education institutions either decreased or failed to keep pace with inflation. Further, nearly two-thirds of public four-year institutions and more than one-third of all independent institutions suffered mid-year budget cuts. The top concern of 84 percent of administrators in the study was financial support.

According to the Center for Higher Education at Illinois State University, state governments are not in a position to help. They have cut appropriations for higher education by \$80 million this year. Today, higher education is looking with increased fervor for private funds to fill in the gaps.

Like many other institutions, Bellarmine College is currently engaged in a comprehensive fundraising campaign. A study we conducted in early 1987 determined that needs for current operations, endowment, capital projects, and program enhancements totaled \$34.5 million. However, a feasibility study showed that the college could reasonably expect to raise only \$20 million over a five-year period and that our success would require active involvement of trustees in all phases of the drive. This would include not only giving generously, but also helping to plan and execute the campaign. Accordingly, a campaign plan and committee structure were developed to support a five-year, \$20 million comprehensive fund drive.

Campaign kickoff

We moved quickly into the campaign, and the advance gifts or "nucleus fund" phase began in December 1987. Although research shows that the nucleus-fund phase typically lasts 22 months and averages about 31 percent of the goal, at Bellarmine it lasted about seven months and amassed more than 50 percent of the goal. We have had a great deal of early momentum and success in this campaign. With more than two years to go, we stand at \$18.9 million in cash and pledges. However, campaigns tend to take on lives of their own, and events that influence them are often unpredictable.

For example, when we started, we had no way of knowing that our president of 17 years would retire one year into the campaign's public phase and died six months later. Equally unpredictable were two recessions, a stock market crash, the Gulf War, the lingering downturn in the economy, and so forth. Had we anticipated such events, we probably would have reconsidered the campaign size and timing, which is why it's

probably not a good idea to consult either a prophet or an economist before starting a campaign. However, we determined that the campaign needed a boost.

Trustees discussed either expanding the current goal or beginning another campaign at the completion of this one. Not wanting to "reinvent the wheel" in our planning, we decided to ask other colleges and universities about their experiences.

We designed a 24-question checklist that took about seven to ten minutes to complete, and we mailed it to 29 selected private colleges and universities in 17 different states. The mailing was followed by a series of telephone interviews.

The typical institution participating in this study was a 25-year-old private liberal arts college. Of the 29 participants, 65.5 percent claimed a religious heritage, and 34.5 percent considered themselves independent. Some 62.1 percent of the participants had campaigns that were still in progress. With a few exceptions, most of the institutions had a strong liberal arts emphasis, similar to ours at Bellarmine.

Participants were selected from the Higher Education Directory and were qualified by the fact that they were either currently engaged in a capital campaign or had recently completed one. Selecting only liberal arts colleges and those with strong name recognition limits somewhat the ability to generalize the findings. However, we made those selections because they were most relevant and because the institutions were likely to have a well-established fundraising tradition. The experiences of these 29 colleges and universities have revealed some interesting patterns that may be helpful to other institutions.

Effects of board size

At our college, the information from this survey has enabled administrators and trustees to better evaluate our progress in such crucial areas as trustee involvement in campaign planning and implementation, alumni participation, and trustee giving. We now know how such factors as our largest gift, counting procedures, campaign length, campaign structure, and so forth compare with those at other institutions. Based on both the quantitative and qualitative data we gathered, we have been able to formulate some solid strategies for future campaign activity.

From the study, we learned that the number of trustees on the board made a significant difference in the percentage of the campaign goal trustees' personal giving represented. Generally, the larger the trustee body, the greater the percentage of the total goal their personal giving represented. The average percentage for all boards was 27.2 percent. However, the average percentage for boards with 40 or more members was 35 percent of the campaign total, compared with 21 percent for boards with fewer than 40 members. This means that larger boards as a group gave nearly 75 percent more in personal gifts than smaller ones did. For the three boards that had 50 or more members, the percentage was 49.5 percent or nearly two and one-half times the percentage given at colleges with less than 40 board members.

Though managing a board of more than 40 members could prove challenging, the financial benefits of a larger board are clear. In fact, several colleges mentioned that they had a kind of two-tier board structure—first, an active and powerful executive committee that meets more regularly than the full board, and second, the rest of the board members. Nevertheless, only about one-third of the respondents had boards of 40 or more.

This was particularly significant for our planning at Bellarmine, because we had considered reducing the size of the board from its current approved size of 43, which we had expanded from 33 for the campaign. We planned to do this by simply not filling open slots created by members completing their terms. Our findings confirmed that we should maintain our current board size at least until the campaign ends. The study also provided a measure to help us determine how our board giving during the campaign compared with that of other colleges and whether there might be more giving potential.

Alumni Board Members

Interesting figures also emerged on the percentage of board members who were alumni, on overall alumni support, and on the average size of the largest gift to the campaign. The higher the percentage of alumni on the board, the greater the overall percentage of alumni giving to the campaign tended to be. For example, colleges with at least 50 percent of their board members who were also alumni reported that 51.5 percent of their alumni contributed to the campaign, as opposed to 40.6 percent for institutions with less than 50 percent alumni board members.

Typically, the largest gift to the campaign came from an individual (87.5 percent of cases), before the campaign was publicly announced (66.7 percent of cases), and in the \$2 million to \$6 million range (58.4 percent of cases). However, institutions with a greater percentage of alumni board members received an average of \$6.8 million as their largest gift, compared with \$4.76 million at institutions where less than 50 percent of board members were alumni. For the four institutions where more than 90 percent of board members were alumni, 67 percent of the alumni contributed to the campaign, and the largest gift averaged \$7 million.

Because alumni have more directly benefited from the institution and generally have stronger emotional ties than non-alumni, their investment tends to be greater, and they tend to have more influence than non-alumni board members on overall alumni giving. Several colleges with more than 50 percent alumni board members related concerns about having too many alumni on the board. They were cautious about striking a balance between alumni affinity and enthusiasm and having a healthy "outside" perspective.

At Bellarmine, this confirmed our need for more board members who are alumni—we currently have only three alumni on the board. However, we also realize that this will have to be a long-range strategy. Bellarmine is only 42 years old, and our alumni are relatively young. However, we have identified several alumni who are potential board members and have started the process of cultivation. Additionally, we have added representatives from our alumni board as ex officio members of two key trustee committees.

Active trustees

Generally, board members of participating colleges and universities were active in planning their respective campaigns. In fact, 82.8 percent of the institutions indicated that their boards were either moderately or very active in campaign planning, and in 86 percent of the cases, the campaign chair also was a current board member. Among those institutions indicating board members were very active in campaign planning (62.1 percent), trustees tended to make more personal solicitations than the average (5.5 calls

versus a mean of 4.1), and the largest gift to their campaigns tended to be higher (\$6.3 million versus a mean of \$5.26 million). They also had campaigns that were slightly larger than the mean (\$55.75 million versus \$52.8 million), but their personal giving as a percentage of the goal was about the same as the mean (27.4 percent versus 27.2 percent).

From the telephone interviews, we learned that when trustees were more actively involved in planning the campaign, they tended to assume more responsibility for campaign success than trustees who were less actively involved. Since trustees were more actively involved in the planning, they were also better informed about the needs of the institution and the case for support. This tended to translate into more "missionary zeal" on the part of these trustees who were better equipped, more informed, and thereby more willing to make solicitation calls than trustees who were less involved. These factors also contributed to the ability of the institutions where trustees were actively involved to attract largest or lead gifts that were much higher than the average.

We found that more trustee involvement tended to create an optimistic and enthusiastic attitude among board members about the campaign's potential. This was particularly important to our institution. Though trustees had been involved in the initial campaign planning, there had been considerable turn-over on the board, as members completed their terms and new members joined. The new members did not have the same sense of history or ownership for the campaign. Also, because we moved so quickly into the public phase of the campaign, we did not build the level of board involvement we might have, had the nucleus-fund phase lasted longer. Even before this study was completed, it was apparent to our new president that he had to work with the board to involve them in planning and build a new level of consensus. This study confirmed that we were on the right path.

Planning and the president

The importance of the president to campaign success was evident in the study. In all of these cases, the president was an active participant and very much a visible leader. Several presidents initiated strategic-planning processes involving volunteers, faculty, and staff. One of the more comprehensive of these programs involved nearly 250 individuals who served on nine different planning task forces. Another president used the planning process to initiate significant reform in his institution, changing its image and moving it into "adulthood." In all these cases, the planning process preceded and served as a springboard for a successful campaign, and the presidents tended to build consensus and advocacy through them.

This successful planning process initiated and led by the president also tended to draw trustees into campaign planning, because the campaign was viewed as a means of implementing the strategic plan. In fact, in many cases, development officers cited strong trustee involvement in planning and execution of the campaign along with strong presidential leadership as primary factors in their success. Several development officers indicated that presidential leadership and responsibility for the campaign led to significant trustee and community involvement and support.

Campaign completion

It was fairly common for colleges to exceed the overall campaign goal but still have several campaign projects that were under-funded. In most cases, they would

announce success and then refocus on under-funded priorities. For example, one college completed a campaign for more than \$50 million and then refocused its efforts for unfunded projects on the top 150 donors. This effort raised an additional \$35 million. Another institution had three consecutive campaigns of \$8 million, \$10 million, and \$14 million in a 14-year period, while yet another college followed a five-year campaign in which projects were under-funded with a two-year campaign to raise an additional \$14.5 million.

Some schools did not formally announce new campaigns but simply moved into multiyear development programs to raise money for unfunded capital projects. And one development officer mentioned that she and the president are consistently in a campaign mode for specific projects. After a five-year campaign that raised nearly \$50 million, she related that \$8 million was raised in one year entirely by trustees for a student center. Over the next 18 months, trustees raised an additional \$18 million for an outdoor activities center.

Though we had talked about several strategies at Bellarmine, knowing the experiences of other institutions helped us better focus on what seemed best for us. In our case, we have decided to announce campaign success when we reach the \$20 million, but we will continue to focus on any under-funded projects without formally announcing a new campaign.

In planning and evaluating your institution's campaign, trustees need to ask and answer many questions. How much should trustees be involved in the campaign planning? What can they reasonably be expected to give? How many calls can they be expected to make? What can we expect from our alumni? How do we structure our campaign?

Certainly, this is not an exhaustive list of what we learned, but it does provide examples of what we found and how we used the data. If you are not sure of the answers to these and other questions, you'll probably benefit from a review of the experiences of other institutions.

Leonard J. Moisan, Ph.D.
Vice President for Institutional Advancement
Bellarmino College
Louisville, Kentucky
1992