
Regional

Colleges need to become better fundraisers

Fundraising can help in times of financial constraints for higher education. But how well we do in this area depends on many factors – and the secrets for success may surprise many.

According to the Council for Aid to Education (CAE), U.S. colleges and universities raised \$40.3 billion in 2015, an increase of 7.6 percent over the previous year. This is the third consecutive year that fundraising by institutions of higher education has grown despite the relatively weak stock-market performance in 2015. Success stories vary a lot and they are not confined only to big-name, private institutions, but also public institutions. Further, the size of those institutions does not seem to matter when it comes to successful fundraising.

About 29 percent (\$11.56 billion) of all money raised in 2015 went to 20 colleges with Stanford University at the top (\$1.63 billion), followed by Harvard University (\$1.05 billion), and the University of Southern California (\$653.03 million). Small, little-known institutions were also successful. Davis & Elkins College, a very small (about 800 students) private, liberal arts college in one of the poorest states of the country, West Virginia, just received a pledge of \$25 million from its president, G.T. Smith, who has been a longtime trustee.

I found some insightful data in the CAE data. For example, giving by individual alumni increased by 10.2 percent (\$10.85 billion) accounting for 26.9 percent of the total amount raised. While alumni giving should not come as a surprise, giving by people who did not graduate from the colleges to which they donated also increased by an amazing 23.1 percent. This is important because many institutions of higher education focus

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their fundraising efforts to those individuals who have given in the past. The big lesson here is to go after non-traditional donors even if that means going outside your geographic area.

Another insightful piece of information in the report is that there was no correlation between big athletic programs and donations. In fact, big donations often-times came for attractive academic programs, such as research labs in the sciences and performance spaces for the arts. So the conventional wisdom that colleges and universities need to spend money in athletic programs to raise money is a myth. The lesson here? Work closely with academics to attract big donations.

Fundraising approaches by institutions of higher education have also changed considerably in the last few years. Instead of spending a lot of time and efforts in making blind phone calls for small donations, successful institutions are using donor-intelligence algorithms that are able to identify social networking patterns among alumni that correlate with big donations.

One of those modern tools is called EverTrue, a social management donor software that evaluates alumni interactions with a college's Facebook pages to help distinguish people who are more likely to give to a capital campaign from those more interested in a specific program. It also examines profiles of alumni on LinkedIn, allowing fundraisers to identify people

in industries with a historically higher inclination to give.

Another software is Blackbaud, which helps colleges and universities identify, rank and target their best fundraising prospects by combining a school's historical giving records with data from outside sources, including an individual's overall wealth, income levels and hidden assets. The result is the ability to predict the willingness of graduates to donate.

Graduway, another digital tool, helps colleges and universities engage alumni by designing private social networking sites for them. These sites, branded with the logo and imagery of the school, encourage alumni to import their profiles from LinkedIn, developing professional connections with one another and inviting fellow graduates to sign up. It also analyzes individuals' activities on each site, and sends members' latest profile information back to their schools' existing databases.

These are more sophisticated tools than the traditional consumer profiling software that has been used by marketers at for-profit companies, or the in-house research on the stock market transactions of individual donors, looking up the value of donors' homes on Zillow, or just buying information from data brokers on their most generous alumni or prospective donors. In other words, development offices at colleges and universities need to move out of the stone age of fundraising and get into the 21st century.

Finally, the key for big time successful fundraising rests with the top leader of the institution. Those leaders need to be "chief storytellers" who spend between

25 and 75 percent of their time working with the university's development officers, cultivating donors, and doing the asking.

One of the earliest lessons I learned doing fundraising is that people give money to people, regardless of the institutional hat you are wearing. After all, major fundraising efforts are about identifying potential donors, finding information about them, evaluating their interests, getting them involved and persuading them to invest. To that end, you cannot be stingy when it comes to staffing your development office. A small (1,400 students), but successful college like Randolph-Macon has altogether 11 development officers. At the end of the day the question is very simple. How much money does it cost to do fundraising versus how much money the fundraising operation costs?

Major donors want to hear several things. They want to know how their donation is going to make a difference. They want to know where the institution is heading, and they want to make sure that their donation is going to outlive them. Stories about an institution in financial crisis are not good because they want the institutions to be good stewards to their donations.

The conclusions are very simple. Come up with big academic-related projects, use modern fundraising tools, staff your development operation appropriately and get a top leader who is both personable and professional when it comes to asking for money.

Dr. Aldemaro Romero Jr. is a writer and college professor with leadership experience in higher education. He can be contacted through his website at: <http://www.aromerojr.net>