



OUT of FOCUS

Aligning a donor's vision with institutional needs is a tricky balancing act

By REGINALD STUART

When a Johns Hopkins cancer-patient-turned-donor heard green tea had promise in helping fight cancer, he offered the Baltimore-based research and teaching hospital a gift of more than \$1 million to support research on green tea and cancer. After some huddling and pondering, the hospital respectfully said no and referred the donor to another research center.

"We just weren't well-suited to create a lab and hire the people to do the work," recalls Michael Morsberger, the Johns Hopkins Medicine development officer who received the proposal and who, after consulting with colleagues, had to deliver the disappointing news to the potential donor.

The generous gift would have taken the institution's research off course from its priorities, says Morsberger, now vice president for development and alumni relations at The George Washington University in D.C. Officials also concluded the idea was not sustainable, based on everything else the institution had on its plate for the foreseeable future.

Morsberger's encounter mirrors scores of instances in which colleges, universities, and independent schools are faced with well-intentioned benefactors championing a specific agenda that doesn't align with institutional needs. More and more donors are engaged in voicing precisely where and how they want their gifts used and are exacting more accountability from recipient institutions.

"Donors increasingly wish to support causes which are relevant to their own values and life experiences," says Chris Cox, director of development and alumni relations at The University of Manchester, the largest campus-based university in the U.K. "They're viewing it more as a partnership. Many also want to know—in some detail—what kind of impact their support will have and over what timescale. Questions such as 'How will we know if this program has been successful?' are far more frequent."

Adds Barbara Clemons of Stanford University: "We've noticed more [donors] are interested in venture philanthropy, measurable impact. They're looking at this a little more as an investment." Clemons is the assistant vice president for medical development at Stanford, located in Silicon Valley, an area in Northern California she describes as being "filled with dreamers" with lofty ideas.

For years, development officers have cultivated prospective donors by listening to their deepest desires. Now, development officers' work increasingly involves devising a strategy for aligning the donor's desires with the mission, goals, and needs of their institution. It's possible, even amid signs of changing donor agendas and attitudes, but it does require fundraisers to sharpen their tools of communication for developing and maintaining a donor relationship and the ability to say no.

Such honesty allows the donor to take his or her gift elsewhere, which in the long term is a good thing. It is OK for donors to shop for institutions whose mission and goals align with their own, says Jeffrey Solomon, co-author with philanthropist Charles Bronfman of *The Art of Giving: Where the Soul Meets a Business Plan*, a book geared toward active and prospective donors.

If a school persuades a donor to give to support something that does not resonate with the donor's passions, the gift is likely to be a one-time experience rather than an ongoing one. The wise donor has to shop, Solomon says, lest he be disappointed in the long-term outcome of a gift, regardless of its size.

"The challenge [to the donor] is to find the initiatives that meet the university's needs and also fill the donor's soul," says Solomon. "The issue is to find that balance because if you [the development officer] ignore the donor's desires, you aren't going to have a long-time donor."

In Morsberger's case, while the donor did fund green tea research at another institution, he also gave Johns Hopkins just what it needed—an unrestricted gift, albeit smaller than the original proposal, for general cancer research.

A LITTLE CREATIVITY

Experienced development professionals say that the key to winning a donor over is being able to clearly understand the donor's motivations and then determine and articulate a vision of how the mission and goals of a respective institution can complement the donor's wishes with a few adjustments to the original proposal.

One example of this juggling act is offered by Floyd Akins, a veteran development officer recently hired by The Ohio State University to helm its anticipated \$2 billion-plus fundraising campaign, the institution's first in more than a decade.

Akins, who has been involved in numerous multi-million dollar gift efforts, recalls working years ago with a University of Iowa alumna. The graduate, a single mom who earned her MBA from Iowa and became a successful businesswoman, wanted to set up a scholarship for single moms who breast-fed their infants and were seeking an MBA degree. She was clear about what she wanted, recalls Akins. Akins explained to the donor over the course of several exchanges why the idea, although well intentioned, was fraught with pitfalls. He offered numerous reasons why her idea was not likely to work, student privacy laws among them. A school, he explained, cannot ask an applicant whether she breast-fed.

Akins proposed an alternative he felt the school could deliver on and could address the donor's core goals. He proposed she make a gift for the upkeep of a lactation room, where women can pump milk in between classes. Deal!

"It took a lot of convincing because she was passionate about what she wanted," Akins says, in explaining how the institution was able to get creative in helping a donor be a donor without imposing restrictions that would tie the school's hands and frustrate the donor's intent.

In some cases, institutions have tailored their gift acceptance practices to varying degrees while still, the development officers insist, protecting the interest of the institution.

in short

FOR MAXIMUM IMPACT. "Small changes can make powerful differences in the world—if you know what to change and how to change it," begins the "Accelerants" chapter in *The Art of Giving: Where the Soul Meets a Business Plan*. In that chapter, co-authors Charles Bronfman, a philanthropist who is the former co-chair of Seagram's, and Jeffrey Solomon, president of the Andrea and Charles Bronfman Philanthropies, urge potential and active donors to support unsexy but transformative gifts that help nonprofits help themselves. A dance troupe performing to empty houses, for instance, would benefit from a one-time gift to support its marketing efforts, which in turn would enable it to sell tickets and raise revenue.

EVERYBODY'S DOING IT. Most major donors relish the chance to have an impact on a cause they care about. Certain types of nondonors need a different carrot. Showing that giving is fun and sociable attracts "outer directed" people, those "driven by needing the esteem of others," according to *The Aha: Why Donors Give, Why Non-Donors Don't and What to Do About It*, an April 2011 report commissioned by U.K. group The Philanthropy Review. Marketing efforts to attract new donors might yield fruit if they can show how popular giving is, inspiring nondonors to copy this socially acceptable behavior. Giving should also be "talkable," meaning donors need to have a fun, interesting story to share about their experience.

The San Diego Zoo, for example, recently secured its largest multiyear pledge—\$15 million—that will be the lead and naming gift for two new exhibit habitats at the California facility.

The two-page agreement, the same template used for \$25,000 memorial benches, did have an addendum, however, says Mark Stuart, chief development and membership officer for the Zoological Society of San Diego and president of the society's foundation.

The zoo agreed to a stipulation from the donor that he approve all donor recognition designs for the two exhibits prior to construction. The basis for that demand was the donor's feeling that another charity he supported did not hold up its end of the bargain on a significant gift he made recently, Stuart says. "This is an individual famous for his belief that 'the deal is the deal,'" says Stuart.

"In this case, [the donor's] challenge with another charity made our closure of the final agreement more arduous but not insurmountable," Stuart says. "For any donor who provides a lead gift to a major bricks-and-mortar project, I am willing to be as flexible as possible as long as I do not compromise the institution's integrity or long-term financial health."

WHEN NOT TO COMPROMISE

A threat to academic integrity is enough for development officers to put the brakes on proposals from overly ambitious donors. "As we are seeking larger and larger gifts, the expectations of donors are growing," says Inge Reichenbach, vice president for development at Yale University in Connecticut, which recently completed a five-year, \$3.5 billion-plus comprehensive fundraising campaign. Still, she adds, "We

have some very important principles from which we cannot divert. Undue influence has no place in it. Academic freedom is important."

The president of The Florida State University, Eric J. Barron, concurs and found himself reaffirming that principle this summer in the aftermath of an uproar over a gift agreement that potentially had the institution ceding some control over an academic program to the donor funding it.

The controversial \$1.5 million gift to hire professors and offer new business courses was motivated by the passions of Charles G. Koch, a conservative billionaire who with his brother David owns Koch Industries, a conglomerate with diverse subsidiaries ranging from the manufacturer of Brawny paper towels to oil refineries operating in several states. Koch, a critic of government regulations, wanted to see a new program on political economy and free enterprise.

Of particular dismay to critics was language in the 10-page memorandum of understanding between the institution's economics department and the Charles G. Koch Charitable Foundation giving a three-person advisory committee appointed by the foundation the right to reject candidates for faculty positions funded by Koch's gift. University officials say the provision was never exercised and that it did not seek endorsement from Koch's advisory committee on the professors eventually hired.

Florida State is also one of several dozen institutions, including four in the University of North Carolina system, that agreed to offer a business course and require a specific text be used as a condition of sharing in millions of dollars being offered by the South Carolina-based BB&T Charitable Foundation.

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THE GLASS-HALF-FULL APPEAL. People who care little about a cause can be persuaded to give if the appeal focuses on how much of the fundraising goal has been met, according to research recently published in the *Journal of Experimental Psychology: General*. That approach may "signal to people ... that it's something worth paying attention to and to get onboard," says co-author Marlone Henderson, a psychologist at The University of Texas at Austin. Donors who already identify with a cause respond to solicitations that focus on how much more the cause needs. If they feel the pace of progress is insufficient, Henderson says, they may want to "jump in and get involved, so this effort they care about doesn't sink."

THE CASE FOR COMPLETION. The passions of major donors are important, but don't forget about alumni. For community college alumni, specifically, research shows that earning an associate degree before transferring to a four-year institution positively affects alumni giving. According to the findings of a dissertation by Washington State University doctoral student Lisa Ann Skari, "students who transfer to a four-year institution without a two-year degree offer little opportunity for future giving, while students who graduate build a future for the institution through their increased likelihood of alumni giving." Access *Who Gives? Characteristics of Community College Alumni Donors* at bit.ly/Attainment_and_Giving.

Many academicians and development officers howled over those gifts, as the agreement appeared on its face to dictate the terms of an academic program and to advance a singular point of view.

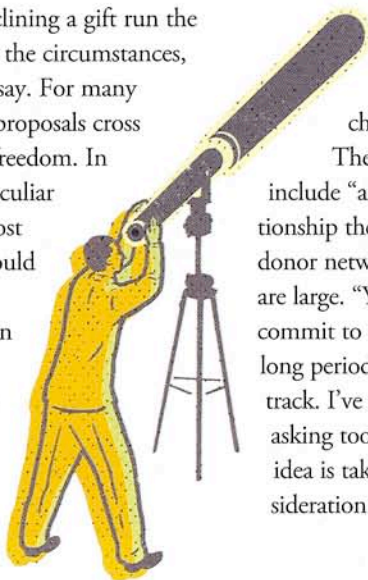
"Florida State University absolutely did not—and would not—sacrifice academic freedom in order to secure a donation of any kind," FSU President Barron said in a statement released this summer, after a high-level faculty senate ad hoc committee cleared the school of wrongdoing. The committee's review concluded that the institution "... acted in a manner consistent with academic principles."

The faculty senate panel, however, found that the controversial agreement "did provide the opportunity for outside influence." Barron, who was not president when the gift was accepted in 2008, says the guidelines governing gift acceptance by faculty and academic department heads who solicit major donors lacked clarity and weren't sufficiently rigid. He says steps have been taken to strengthen gift acceptance policies aimed at avoiding the possibility of academic interference by donors in the future.

SAYING NO

Occasionally, development officers agree, you just have to say no or risk being unable to deliver on your promise and, in some instances, endure some degree of public ridicule.

The reasons for declining a gift run the gamut, depending on the circumstances, development officers say. For many schools, some donor proposals cross the line of academic freedom. In other cases, it's the peculiar nature of a gift. In most cases, the proposal would cost the school more than it could handle in the long term and would not be sustainable, as was the case at Johns Hopkins Medicine.



"We had this joke at Hopkins that you haven't earned your stripes until you turn down a gift," Morsberger says, adding that refusing a gift is no easy task. "No one looks for a reason to turn down a gift."

Marion Peavy, senior vice president for development and college relations at Wofford College in South Carolina, strikes a similar tone. "It's complex," says Peavy. "When a donor feels a strong interest in making a gift, it's a situation where the institution obviously needs to pay attention and be accepting. That interest has not always meshed, and we have to explain [that] it doesn't work right now."

Peavy recalls a donor who wanted to give Wofford an art collection. There was a caveat: The college would also have to take the donor's collection of several thousand seashells that he said he could no longer store at his home. While much appreciated, the art and seashells collection simply did not complement the mission or goals of the school, Peavy says. The offer was declined.

Adds Clint W. Shipp, senior director of advancement services at Trinity University in Texas: "You want to avoid any kind of situation that will take you off course. Schools with less muscle are more vulnerable.

It's hard to say no when the checkbook is open."

The risks to saying no, Shipp says, include "alienating the donor or any relationship they have with others in their donor network." Still, the risks of saying yes are large. "You could overextend yourself, commit to a program you can't fund over a long period of time, take a program off its track. I've seen cases where [the donors] are asking too much. We let them know their idea is taken seriously, but it's not a consideration we can take at this time."

ARTICULATING NEEDS

Regardless of how they view donor temperament and expectations these days, most development officers voice several common themes that, in addition to being able to say no, they say are essential to helping schools

achieve that increasingly tricky balance between donor desires and institutional needs, mission, and goals.

All agree patience and listening are essential. Clearly articulating what your institution is and does is becoming increasingly important, as is involving more department heads and rank-

and-file faculty in efforts to educate donors.

"My experience is giving is an emotional decision more of the heart than the brain," Morsberger says. "You've got to get them emotionally engaged in the interest of the institution," he says, from the smallest donor up.

Connie Kravas, vice president for university advancement at the University of Washington, echoes a similar sentiment, supported by research of her institution's major donors. She found that individual donors make, on average, 24 gifts prior to that \$1 million gift. The institution has more than 300 donors who have given more than \$1 million.

"It's not only the amount you obtain, but more importantly that you are able to articulate the institution's needs," says Sergio Gonzalez, senior vice president for university advancement and external affairs at the University of Miami. "It is important to sort up a menu of needs. When a donor is more involved with an institution, there's a greater opportunity to be able to articulate your needs as opposed to areas of interest to them. You have to make your case stronger than ever. You're not appealing all the time to their affinity. You have to know what you can accomplish."

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It's also important to distinguish your institution by educating donors about the institution's unique offerings or focus, notes Colin McCallum, assistant vice principal of Glasgow Caledonian University in the U.K. The university created its development and alumni relations office four years ago and faces some tough challenges as he and others see signs of donors steadily paring their list of recipients at a time when more institutions of higher learning are on the horizon courting.

"Generally speaking, what motivates people to give does not seem to be changing in our case," says McCallum. "But, what is evident, is that we are asking people who have either never thought of giving to a university before, or have certainly never considered giving to this university, because they have not been asked. In a highly competitive market and challenging times, as a

new entrant, some feedback has been that donors are not looking to add new causes to their portfolio. We have sought to focus more on differentiating ourselves and our programs to build a niche for ourselves that donors will recognize as special," he says. The university is also doing serious work on patching relations with past donors who have become distanced from the school in recent years.

There are some instances when donors offer gifts with welcomed stipulations. At Montgomery Bell Academy, a 145-year-old private prep school for boys in Tennessee, a nearly 10-year effort to raise funds for construction of a new campus building got a surprise boost earlier this year with a \$10 million gift from an alumnus. The gift came with a major mandate—that the donor would remain anonymous and the new building would be named after the

late Mary Helen Lowry, an English teacher at the school who retired in 1993 after 50 years. The school graciously agreed to the caveat, which complemented its mission and goals.

"It's not just about building buildings," says Jenny Hannon, director of alumni and development at MBA. "It's about creating a richer learning environment and creating a sense of community for our boys." ■

Reginald Stuart, a former reporter for *The New York Times*, is a freelance writer based in Silver Spring, Md.

Listen Up



For more on this topic, hear what the University of Manchester's Chris Cox has to say in the October edition of *Advancement Talk*, CASE's new podcast series for members with premier benefits (bit.ly/advancementtalk).

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