

Advancement Leaders Speak 2017

Key Challenges and Priorities Reported by
Today's Chief Advancement Officers



Based on interviews with campus executives conducted by
independent research firm, Sterling Associates Group, LLC

RUFFALOSM
NOEL LEVITZ

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SOURCE OF DATA

40 INTERVIEWS WITH CAMPUS EXECUTIVES IN DECEMBER 2016

INSTITUTION PROFILE

18 LARGE <small>(15k+ enrollment)</small>	13 MEDIUM <small>(5k-15k)</small>	9 SMALLER <small>(under 5k)</small>	17 PUBLIC	23 PRIVATE
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\$98.5 MILLION
2016 TOTAL CASH GIFTS RECEIVED BY GROUP

\$600 MILLION+
TOTAL FUNDRAISING BOOKED, 2014-2016

Commissioned by Ruffalo Noel Levitz, this study is based on respondents chosen for their institution’s success, primarily as reported on the Voluntary Support of Education Survey from the Council for Aid to Education.

See page 11 for methodology and sample titles of the executive interviewees.

PRESSURE ON ADVANCEMENT KEEPS INCREASING

Study provides a valuable “snapshot” of where advancement is today, and where it’s headed

Chief advancement officers from a broad cross-section of colleges and universities from across the United States agreed to be interviewed on their views for *Advancement Leaders Speak 2017*.

In 2016, advancement leaders in higher education collectively raised \$41 billion,¹ and today they are under substantial pressure to perform at higher and higher levels. The interview respondents in this study reported that declines in state support for higher education, combined with enrollment revenue pressures, are increasingly pushing their teams to bridge resource gaps.

At the same time, respondents reported new opportunities represented by emerging technologies, and a renewed push for productivity and data-driven decision making.

Like the rest of higher education, respondents in this study brought unique circumstances to their work, yet there is much to be learned from their collective vision and strategies.



¹Council for Aid to Education (2016). *2016 voluntary support of education*. New York, NY: Council for Aid to Education.

1

DOLLARS ARE THE NUMBER ONE PRIORITY**“We are expected to get big money, and get it *now*.”**

Faced with rising pressure to perform, the chief advancement officers in this study were nearly unanimous on their highest priority:

**90%**

of respondents said total dollars raised is their #1 metric.

When given three options (total dollars, total donors, other measures of performance), 90 percent of respondents said total dollars raised was the top priority for their division. Further, total dollars raised was the number one metric on which respondents said they are judged: **What their boards and presidents watch are the dollars.**

“ We can look at all the soft benefits we provide, which are innumerable. But at the end of the day, we are evaluated by how many dollars we bring to support the university. ”

- Leader at mid-sized private

NEXT-HIGHEST PRIORITIES

It's not totally about dollars. Most respondents believe that *participation rates* are critical to maintaining a future pipeline of large donors. Many also mentioned the importance of *US News rankings*.

Other performance metrics mentioned included engagement—such as event attendance, volunteering, clicking on emails—and growth in specific donor metrics such as first-time donors and parent donors.

Gift officer productivity, including number of visits and solicitations, was a performance metric also mentioned by a substantial number of respondents.

2

BUDGETS ARE GROWING, BUT PERFORMANCE EXPECTATIONS ARE GROWING MORE QUICKLY

“We are expected to get more, with (a little) more.”

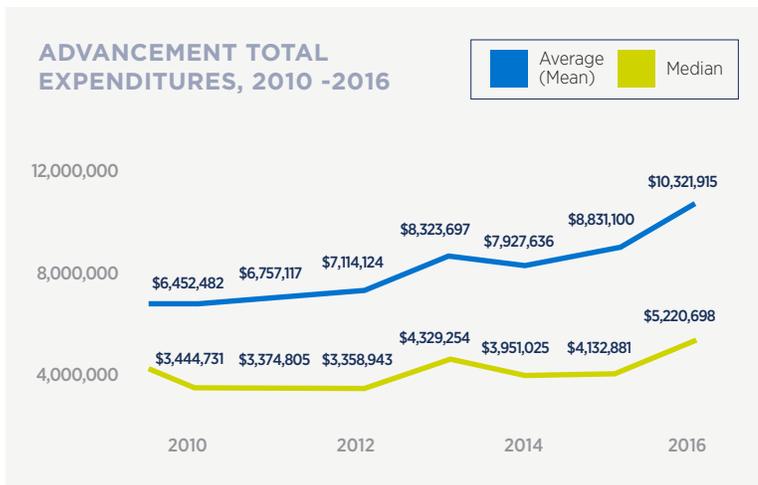


Fifty-three percent of respondents (first two bars shown above) expected their non-salary budget to increase over the next three years. Another 35 percent expected those expenditures to remain stable as a portion of their budget. Only one interviewee expected a non-salary-related budget to decrease somewhat and four (10 percent) were uncertain.

Of those expecting an increase, growth drivers included campaign-related expenses (consultants, marketing), enterprise software, and use of other third parties (especially for data analytics and social/digital media).

Overall, 42 percent of respondents expected their use of third parties to increase going forward, 47 percent expected their use of third parties to remain stable, and none expected third-party investment to decrease. Respondents indicated that third-party services increase their internal capabilities, such as with marketing and communication services, and provide services they cannot cover themselves.

RESPONDENTS’ REPORTS OF GROWTH IN NON-SALARY BUDGETS MATCHES TOTAL SPENDING TREND DATA REPORTED BY VSE



Source: Council for Aid to Education (2016). 2016 voluntary support of education. New York, NY: Council for Aid to Education.

VSE trend data show total budgets for advancement are increasing.

“ We have actually been zero budgeted on the non-salaries for the last several years because of the university budget situation. We are hoping to get that increased a bit. So I would say a small increase. ”

- Leader at mid-sized public

PERFORMANCE EXPECTATIONS INCREASING; PERSONNEL COSTS DOMINATE

Areas of top concern for performance included:



Financial challenges and the need to become more professional and efficient (38% of respondents)

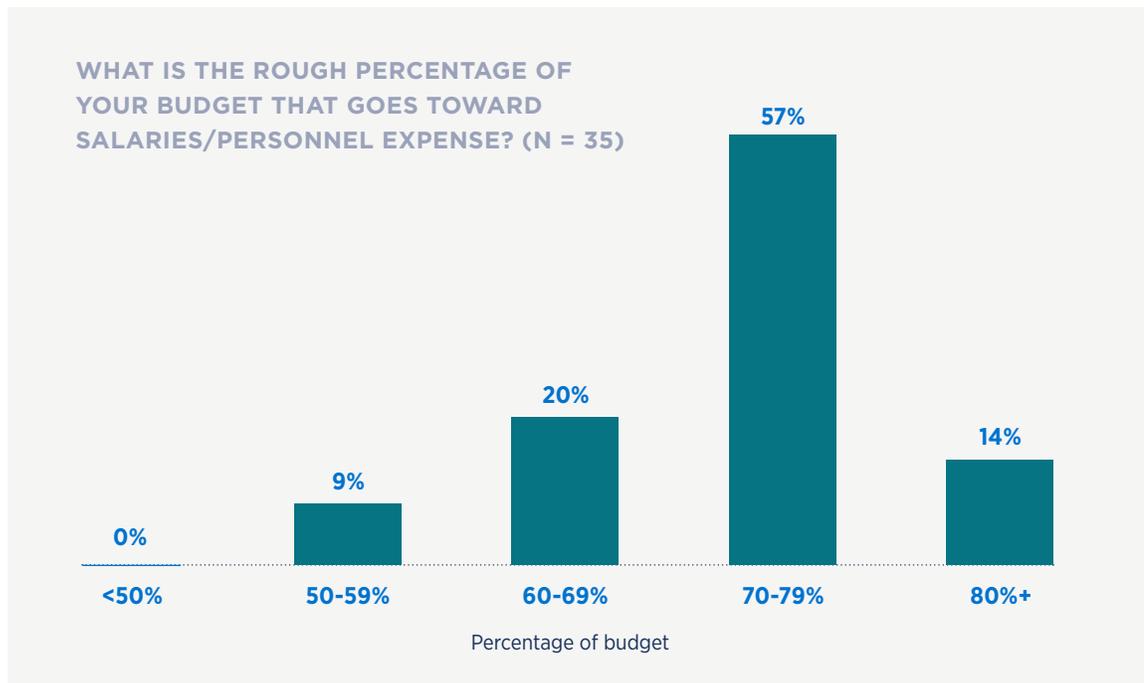


Evolution of alumni engagement and how best to communicate and connect with increasingly diverse alumni segments – age/generation, race, international (30%)



Use of analytics (28%)

PERSONNEL COSTS DOMINATE



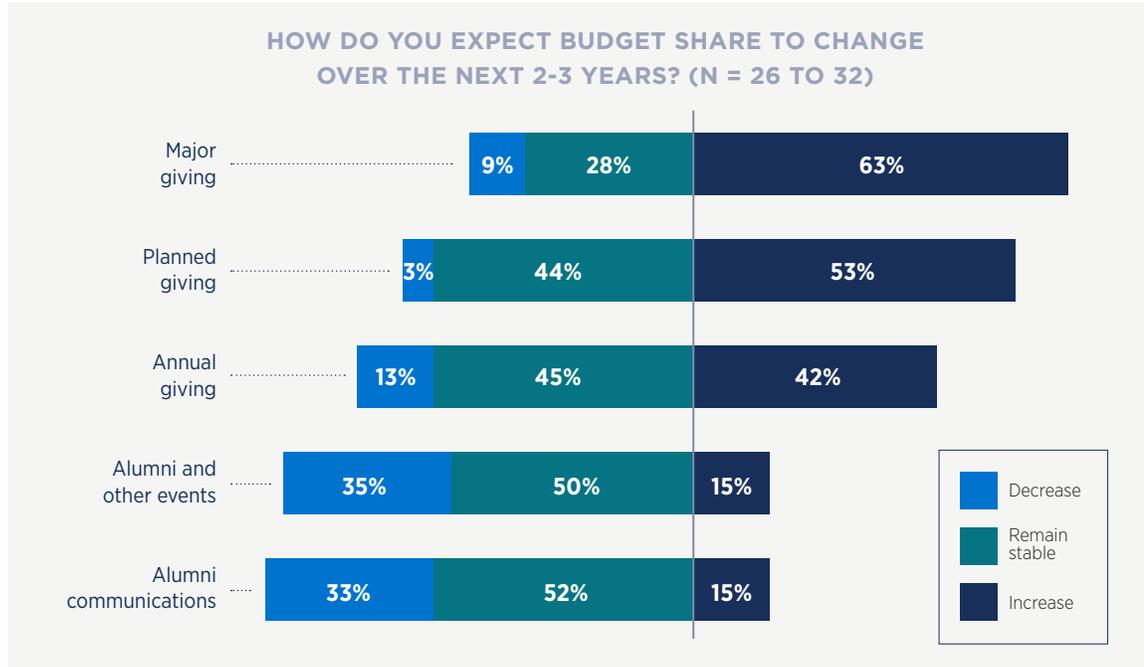
Seventy-one percent of respondents (last two bars shown) reported HR expenses accounted for 70 percent or more of their overall budgets.

Respondents also said these personnel costs were amplified by significant travel expenses for donor visits.

3

RESOURCES ARE BEING SHIFTED TO DIRECT SOLICITATION CHANNELS

“We’re putting money into solicitation.”



Almost two-thirds of respondents (63 percent) said they expected to invest more in major giving (personnel and support) over the next 2 to 3 years, while one-third expected to decrease spending on alumni communications and “alumni and other events.” The three most commonly stated areas for budget increases were major giving, planned giving, and annual fund.

EXPECTED CHANGES IN SHARE OF BUDGET ALLOCATED TO SUPPORT/INFRASTRUCTURE

To support the shift toward greater emphasis on major giving, planned giving, and the annual fund, respondents also rated their expected share of budget for support activities and infrastructure.

Advancement support activities and infrastructure whose share of budget are likely to increase:

- Marketing** (59% of respondents)
- Database and CRM** (54%)
- Advancement data services** (56%)
- IT/IS business intelligence** (51%)
- Donor analytics** (54%)
- Front-end wealth segmentation** (30%)

“ We have been going through a portfolio optimization process to make sure we have the right donors and that people are spending their time with the right donors. ”
 - Leader at large public

4

COMPETITION FOR DONORS REMAINS HIGH, LEADING TO RISING DONOR EXPECTATIONS

“Charities are proliferating and donors are expecting more.”

Respondents said they keenly felt more competition for philanthropic dollars, especially in the area of major giving, where respondents indicated the percentage of donors is declining. They described a more extreme version of the commonly-understood “80/20 rule.” One respondent predicted that 97 percent of the funds would come from just 3 percent of donors. To get results in this highly competitive environment, respondents said that using data to find the right donors to spend time with is crucial.

RISING DONOR EXPECTATIONS BRING INCREASED DEMANDS

What do today’s donors want?



Greater return on investment. Respondents said today’s donors expect to see specific results from their contributions, and it is now more difficult to get unrestricted and endowment contributions. Because more donors are pursuing a “venture philanthropy” strategy—where they expect to see a measurable return on investment from their gifts—working to provide active feedback to donors is a priority. This brings with it the challenge of getting program information from faculty members to communicate back to the investors.



Greater involvement. Today’s donors want a greater level of involvement in the giving process. This can include directly meeting faculty and students who will benefit, which takes significant effort and coordination on the part of the advancement team.



More decision makers at the table. Respondents indicated they are talking to families more. Many indicated an increase of married couples versus single alumnus decision makers. This was coupled with an increase in communication with charitable trusts and family foundations.

The latter shift, toward greater family involvement, mirrors actual giving data. For the 2016 giving year, the Voluntary Support of Education survey showed a decline in giving by individuals. But an analysis of institutions who break out giving by family foundations, donor advised funds, and closely held organizations indicated that the individual total would actually have increased by up to 23 percent if those individual sources were considered. As one respondent said: “There’s a trend toward family decisions.”

“ I think the biggest challenge we’re seeing on the development side is a move from philanthropist to venture philanthropist. So there are philanthropists who have given to all kinds of nonprofits for years because it was the right thing to do. What we’re seeing now, more and more, are people who give with the expectation of a result and accountability around that result. ”

- Leader at large public

5

USE OF ANALYTICS AND DIGITAL TACTICS ARE INCREASING

“We’re going digital and social.”

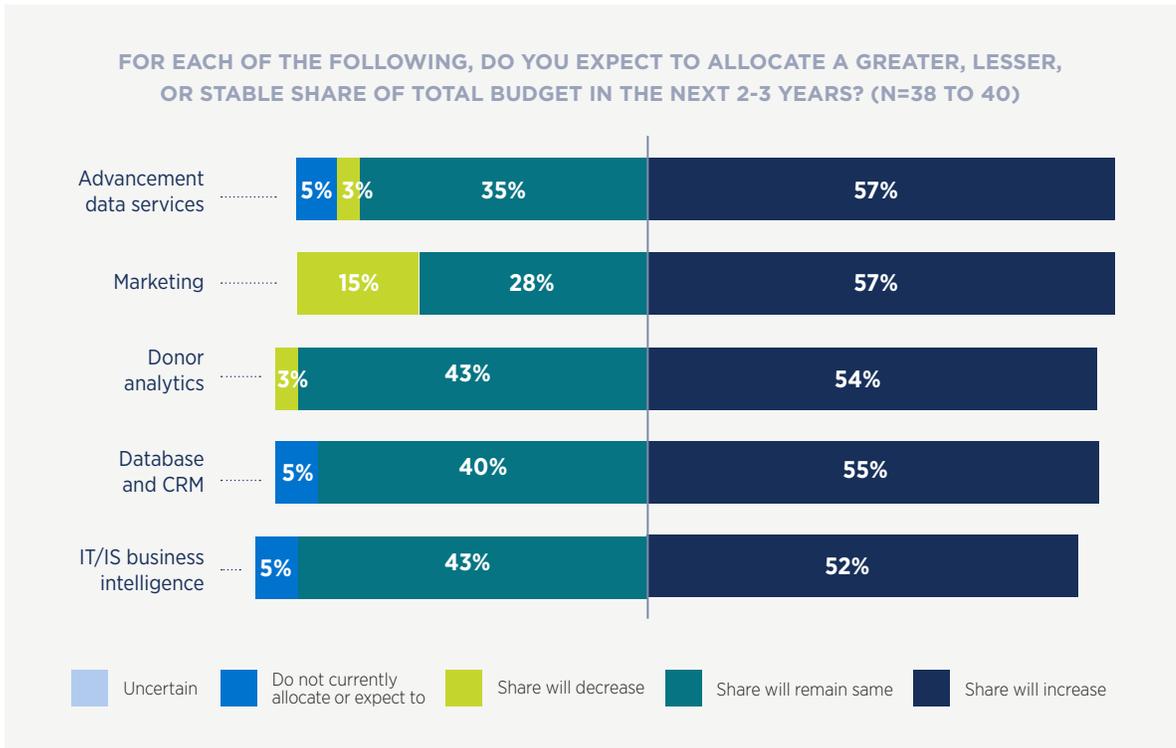
What areas do you plan to increase in the next 2-3 years?



Eighty percent of respondents expected to increase their use of online giving and social media in the coming years. In addition, 60 percent of respondents expected to increase their focus on giving days and annual fund, while another 40 percent expected to increase digital advertising and crowdfunding.

Respondents said the Millennial donor group may not be as responsive to traditional contact channels like phone, direct mail, and email, and student debt levels limit ability and willingness to contribute. This is causing a strategic shift: Almost all respondents reported the need to adjust engagement strategies for these new donors who have different views of service and philanthropy, who give differently, and who are drawn to different causes.

ANALYTICS AND DATA SERVICES ARE TOP AREAS INDICATED FOR GREATER INVESTMENT



Donor analytics and data services: More than 90 percent of respondents expected to either increase their budgets for these or keep them the same.

“ We see there is more of a response to electronic and, interestingly enough, to direct mail. So as we look at how we are going to allocate our resources, that is probably going to mean less towards personnel in that area and more towards systems. ”

- Leader at mid-sized private

KEY TAKEAWAYS

Today's chief advancement officers have made it clear that expectations are rising for greater productivity and more dollars raised—immediately and into the future. Financial pressures are increasing the need for advancement leaders to achieve more with only moderate increases in budgets expected at most institutions. To survive and thrive, most expect to shift dollars and attention toward direct solicitation channels, and to maximize new engagement channels. This is the path they see to increase their productivity going forward.

Based on the collective vision of the respondents, RNL recommends the following:

- **Leverage your data with quality analytics** to engage the right donors with the right parts of your programs through the right channels: annual giving, leadership, major/planned giving.
- **Capitalize on donor passion** with personalized, time-sensitive opportunities to give using online options like crowdfunding and giving days.
- **Use a measurable, integrated approach** that blends online, digital engagement with email, phone, and direct mail to optimize campaigns, basing outreach strategies on donor behavior and engagement signals.



Listen to the Podcast

Learn how to apply the findings of this study to your strategy by listening to a special episode of *Fundraising Voices*, our popular podcast.

Available at [fundraisingvoices.com](https://www.fundraisingvoices.com)

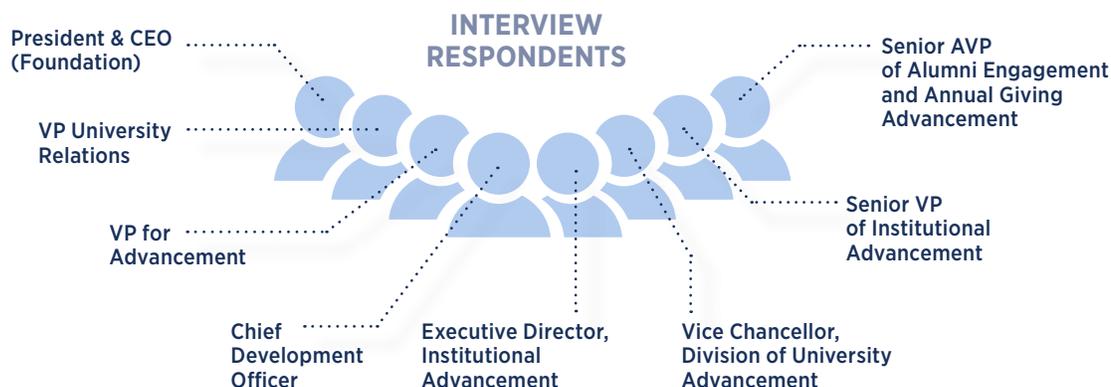
ABOUT THIS STUDY

METHODOLOGY

To assess the “pulse” of higher education advancement, Ruffalo Noel Levitz commissioned independent research firm, Sterling Associates Group, LLC, to conduct 40 anonymous telephone interviews in December 2016 and January 2017 with higher education advancement officials. The interview respondents represented a broad cross-section of public and private U.S. colleges and universities of various enrollment sizes. Interviews averaged 51 minutes in length and included multiple choice responses, open request questions, and significant open conversations.

Who was interviewed?

All interview respondents were chief advancement officers or top-level senior executives in charge of multiple advancement areas, with titles such as:



All respondents had visibility to performance metrics and budget dynamics for their institution. The average size of the advancement teams represented was 112.

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Ruffalo Noel Levitz provides higher education and nonprofit organizations with technology-enabled services, software, and consulting for fundraising and enrollment management. Since 1973, we have partnered with more than 3,000 colleges and universities and numerous nonprofit clients worldwide.

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