

£1 billion and counting: behind the numbers

reflections on university fundraising since 2004

by Sir Eric Thomas | Senior Counsel, Graham-Pelton Consulting

It is fourteen years since the publication of the 'Thomas Report' (Increasing Voluntary Giving to Higher Education 2004) and over five years since the 'Pearce Review' (Review of Philanthropy in Higher Education 2012). In those years, the Higher Education landscape in the UK has been transformed, and we thought it timely to review their impact with the 2017 Ross-CASE Survey report due in May 2018.

Our first observation is that the fundamental messages in the two reports are as valid today as they were on publication. Namely:

- **It is entirely legitimate to seek philanthropic support in universities**
- **There is a well-described business called university fundraising, with established strategies and operations**
- **If you invest in fundraising and lead it well, you will see a significant financial return**
- **Ask, ask, and ask again**
- **Engaging your supporters has many benefits beyond the financial**
- **There is a need to develop a skilled workforce for this activity**

I. achievements since 2004

The Thomas Report led to a substantial increase in fundraising activity. It legitimised fundraising, galvanised the activity, and described a template for success. The Ross-CASE Annual Survey in 2004-05 reported philanthropic cash income as £380 million with 95,000 donors, and by 2006-07 this had risen to £548 million with 127,000 donors. The 2017 report, for the 2015-16 financial year, showed cash income of £839 million and a total of new donations of £1.1 billion with 229,060 donors.

These are substantial increases, especially against the backdrop of a ten-year economic downturn since 2007. The Pearce Review concluded that the two government-matched funding schemes proved to be positive incentives.

Many more universities began to take fundraising seriously, and the number with better-resourced development offices and greater income has increased. The number of staff involved in alumni relations and fundraising has increased from 660 in 2006 to 2,179 in 2016.

Alumni and supporter communication has been transformed since 2004. Most universities are now managing this professionally and effectively, and it could be argued – in this time of ever-increasing compliance requirements – that Higher Education has led the way in the quality of supporter data management and processes.

The development of a skilled workforce – an issue faced as much in North America, where the philanthropic grass is always viewed as greener, as the UK – still represents a major challenge. However, another benefit of the government's matched funding scheme was the launch of the CASE Europe Graduate Training Scheme, which is now in its eighth year, and with a wider range of participating institutions each year, this has empowered more universities to 'grow their own' fundraisers, whether part of the scheme or not. The investment of time in nurturing new talent, or recruiting latent talent from other sectors, will be pivotal to the continued success of the sector.

II. challenges since 2004

Of the 110 universities which provided data on the age of their development programme, the Ross-CASE 2017 Survey found only 16 had fundraising performance that were considered, according to the clusters used, as either established or elite, with a further 31 considered moderate.

The most striking statistic from the 2017 report is the one which almost mirrors an oft-used fundraising trope: the 80:20 rule, where 80% of your income is generated by 20% of your donors. Seventy-eight percent of the £1.1 billion was raised by those 16 (or 14.5%) established or elite fundraising universities. So, whilst the tide might be raising many more boats than before, it appears that the bigger the boat, the faster the rise. This further suggests that the majority of the sector has not yet truly embraced fundraising in a suitably strategic and committed fashion.

The reasons for this disparity are multiple, including difficulties identifying sufficient funds to invest, a paucity of experienced staff to recruit, impatience with return on investment, and senior leadership not having clarity in their role(s) in the process. More revealing, perhaps, is that of the 47 programmes established between 1990 and 2004 (before the Thomas Report was published), more than half are still considered as developing or emerging by the Survey's clusters.

Whilst fundraising asks to prospective donors are almost universally articulated as being strategically aligned, experience tells us that fundraising is still a peripheral activity in a number of those universities considered moderate (and even established) by the Survey. Why is this the case when it has the potential to be a major driver of institutional change?

Some universities have reacted to realise this potential, adding their Directors of Development/ Advancement to the senior strategic team. Whilst this is not necessarily the silver bullet for success, a broader understanding amongst executive officers of how philanthropy can (and sometimes can't) play a role in supporting institutional ambitions can be crucial to long-term success.

There is evidence that universities are not good at nurturing their supporters after they have given. Articulating thanks in the correct way and maintaining their supporters' interest and engagement are vital, not only as a proper politeness but also for the potential for future gifts. Understanding the cumulative value of lower-level donors over a sustained period can often be overlooked when universities are seeking short-term, large-scale funding.

Universities are now competing for funds and students with an intensity that would have been unthinkable in 2004. Articulating the strengths and differences of your university is going to be increasingly important. Putting fundraising at the centre of your strategy will be essential, because it will sharpen your articulation of your message, it will draw additional supporters to your university, and, crucially, it will provide additional income that will add so much to so many aspects of your work.

Experience has shown that success has come to those who have understood that this is a long game, and that investment and leadership must be sustained for the long term. Immediate or short-term return on investment is not the key indicator. Philanthropy impacts upon many fundamental parts of a university's activities but, in the same way that financial support can only be fully realised through the development of strong, trust-based relationships, in-kind support requires similar levels of engagement.

Continued support for tax incentives for giving especially large gifts will need to be sustained, but these calls are unlikely to be heard until existing levers are fully exploited. The added value offered by gifts of shares is woefully underutilised, and not just in Higher Education. The ability to secure these gifts does not necessarily correlate with the fundraising resource or the cluster in which a university resides, but in the quality of the fundraising.

Recent events have impacted on the governance of all charities. If a university wants to take fundraising seriously, then effective oversight by the senior leadership and the governing body is going to be even more important. Decisions will need to be made about reporting lines, accountability, monitoring, and the role of leadership. Long-term success in fundraising is almost directly related to how much time and effort the institutional leader is prepared to invest in it and embed it beyond their tenure. If fundraising is to be taken seriously, the Vice-Chancellor's role will need to be recast. There needs to be more, and more effective, training and coaching opportunities for senior leaders and non-executives.

Universities will have to define what they mean by success with alumni relations and fundraising, and this is much more multi-faceted than simple financial return. Proper and detailed data will be vital to this.

Recruiting, retaining, and training high quality staff remains a priority. Being involved in university fundraising is a very rewarding role with good career prospects and decent rewards. This needs to be publicised, and initiatives like the CASE Europe Scheme need to be expanded.

Finally, continue to ask. The main impediment to creating a culture of giving is in not creating a culture of asking. If universities are unable to ask donors, with confidence, to advance the remarkable work they do, then can they genuinely claim that their work is worthy of that support?

IV. conclusions

Alumni relations and fundraising have been transformed in the last fourteen years. There is much evidence of success although challenges remain, particularly around extending the activity beyond a minority of universities. Fundraising will be integral to the success of all universities in the future, and the ambitions, leadership, and governance of fundraising should be a central element of a university's strategy.

The above recommendations are, of course, far easier to write than to implement. However, which other area of a university, with (relatively) modest investment and a deeper understanding of the drivers for success, can add so much to the invaluable work our sector delivers?

The forthcoming 2018 Survey report will be fascinating. We expect a similarly impressive overall number and cause for celebration, but we also hope to see many more of those in the Survey's middle ground making big strides forward and truly demonstrating the growing health of the sector.

About the author

Sir Eric Thomas partners with Graham-Pelton to provide top-level strategic fundraising advice and support to University leaders around the globe.

Sir Eric is a leader in the field of academic research, teaching, and fundraising. He is the author of the UK Government report 'Increasing Voluntary Giving to Higher Education.' Known as the Thomas Report, it was received as a seminal document that established the vital need for fundraising for UK Higher Education. It introduced the matched funding and pump priming programmes, which measurably increased gift solicitation effectiveness in the UK. Sir Eric served as Chair of the CASE Europe Board for four years and as a Trustee for seven years as the association broadened its depth and reach.

Most recently, Sir Eric served as Vice-Chancellor of the University of Bristol, a position he held since September 2001. He was awarded a Knighthood in the Queen's Birthday Honours 2013 for services to Higher Education. Sir Eric previously presided at the most senior levels in the medical field, becoming Head of the School of Medicine at the University of Southampton in 1995 and Dean of the Faculty of Medicine, Health and Biological Sciences in 1998. He was a consultant gynaecologist from 1987 to 2001.

From 2011 to 2013, Sir Eric was President of Universities UK, and in July 2013, was appointed as the new UK Education Champion by the Government as part of its strategy to promote the UK education sector internationally. Sir Eric also co-chairs the International Education Council alongside the Universities and Science Minister. He is a Trustee of IntoUniversity and a Lay Trustee of the Royal College of Obstetricians and Gynaecologists. He was Chair of the Worldwide Universities Network (WUN) from 2003 to 2007.

About Graham-Pelton

Graham-Pelton Consulting is a leading fundraising and nonprofit management firm with offices around the globe and is the trusted advisor and partner to leading impact-driven institutions across all sectors of the nonprofit world. The firm customizes fundraising services to the needs of the client and the institution's culture, providing campaign management, planning studies, board training and development, major gift counsel, interim staffing, and other uniquely tailored services.

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