

GG+A Quarterly Review

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Philanthropic News & Analysis

Passion and Personal Connections Keep Major Donors on Course

The world financial crisis of 2008 and the resulting recession had chief development officers, senior management, and trustees of nonprofit institutions worried that major donors would fall prey to the fiscal anxiety that paralyzed nearly every aspect of the private and public sectors.

When it comes to philanthropy, however, it is clear that a number of wealthy individuals continued to support those causes of greatest importance to them throughout the economic downturn, including an end-of-year \$705 million gift by New York investment managers Stanley and Fiona Druckenmiller to fund their **Druckenmiller Foundation**; an \$85 million donation to the **Cincinnati Symphony Orchestra** from 98-year-old patron Louise Dieterle Nippert; and a \$50 million gift for a new children's hospital at the **University of Minnesota** from attorney Caroline Amplatz. While the number and amount of major gifts in 2009 fell short of 2008 totals, a review by Grenzbach Glier

and Associates (GG+A) of major gifts publicly announced in 2009 shows 200 gifts of \$10 million and more totaling \$9.2 billion. We know that many more large gifts were made, but not announced, during the year. (See sidebar, p. 8.)

Despite the worst economic conditions the U.S. has seen since the Great Depression, high net-worth individuals appear to remain committed to charitable giving, often demonstrating greater generosity than in years past, according to results of the *Tomorrow's Philanthropists 2009* survey of 500 high net-worth and ultra high net-worth individuals in the U.S. and UK published by Barclays Wealth

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Hybrid Gifts Expand Donor Options

As donors whose assets and/or incomes have shifted wrestle with decisions about funding existing philanthropic commitments, it is important to design flexible payment arrangements that serve the best interests of both the donor and the charitable institution. For example, some donors have shifted the details of their pledge payment plan, while retaining the pledge's original end date. Others have deferred establishing an intended endowment, promising instead to provide an income stream equivalent to predicted income payment for a few years, while considering how best to fund the permanent endowment.

At the **University of Notre Dame**, Mark W. Yusko, '85, and his wife Stacey Miller Yusko, '86, were "classic \$1,000-a-year-donors" until three years ago when they established two \$100,000 endowments. Notre Dame's senior director of principal gifts, one of Mark's former classmates, was instrumental in re-engaging the Yuskos with Notre Dame

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and Ledbury Research (“Wealthy Donors Keep On Giving,” by Matt Brady, *Forbes*, September 9, 2009).

Nearly 50 percent of high net-worth individuals (HNWIs) surveyed, whose investable assets averaged \$5.4 million, said they would not change their levels of giving in the current downturn and 26 percent overall said their giving levels would

increase. In fact, charitable giving is one of the last expenses, just before education costs, that HNWIs are willing to sacrifice in tough times. (See graph, p. 5.)

As Emma Turner of Barclays Wealth notes, “In some ways, the recession and its knock-off effects have galvanized the attitudes and approaches taken by wealthy donors, who are in a bullish mood to not only carry on giving but make an even bigger impact in the future,” (“Economic Downturn Fails to Dampen Philanthropy,” by Rachel Cooper, *Telegraph.co.uk*, July 13, 2009).

As the economy starts to recover, the wealth of HNWIs is predicted to start growing again. By 2013 HNWI global wealth is estimated to reach \$48.5 trillion, up from \$32.8 trillion at year-end 2008 (*2009 World Wealth Report*, Capgemini and Merrill Lynch Global Wealth Management, June 24, 2009). (See graph, p. 9.)

Recent evidence also suggests that more Wall Street philanthropists are reopening their checkbooks, either as an attempt to soften public opinion, increase pressure to give among their peers, or both, according to *The Wall Street Journal* (“Wall Street Reopens Checkbooks for Charity,” by Shelly Banjo, December 17, 2009). “While Wall Street has rebounded, it hasn’t trickled down

and it’s incumbent for people to step up,” says John Shapiro, managing director and co-founder of Chieftain Capital Management, Inc., in the article.

The major donors to educational, cultural, and healthcare institutions interviewed in this issue of the *Grenzebach Glier Quarterly Review* are holding to a steady philanthropic course. Overwhelmingly, they cite a passion for institutions they support and strong personal connections as factors in their giving decisions. In this issue, individuals who chose to make major gifts during this recession talk about their motivations, how institutions can better reach donors in tough economic times, and the future for philanthropy during the economic recovery.

If Not Now, When?

Philanthropy’s resiliency can be measured, to some degree, by the number of campaigns launched during the economic downturn and the successful completion of others. GG+A has identified 75 institutional campaigns publicly announced in 2009, 11 of which set goals exceeding \$1 billion.

In June 2009, the **University of California, Irvine (UCI)** successfully ended its \$50 million campaign for the UCI Medical Center’s new hospital. At the

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An international leader in philanthropic management consulting, Grenzebach Glier and Associates (GG+A) has more than 45 years of experience with educational, cultural, medical, and other nonprofit institutions. The goal of the *Review* is to provide timely information about issues and events that are relevant to philanthropy.

The *Review* is available for download at www.grenzebachglier.com and via e-mail upon request. Comments, questions, suggestions, and topics of interest are welcome. E-mail us at gga@grenzglier.com.

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helm of the campaign were Tom and Elizabeth Tierney, who have supported the university for over two decades. The couple endowed scholarships in the arts, social sciences, humanities, and a chair in peace studies—the first in the University of California system—before making a seven-figure gift to the hospital.

“Our success started with strong leadership from the Tierneys, the chancellor, and the trustees,” relates Tom Mitchell, vice chancellor for university advancement and president of the **University of California, Irvine Foundation**. “We got out of the gate strong, stayed on message, and moved forward. We rallied with the economy.”

As co-chairs of the campaign, the Tierneys sponsored countless fundraisers at their home, private clubs, and elsewhere to attract gifts. As the economy lagged, they successfully engaged four to five friends, all of whom made seven-figure gifts, according to Mitchell.

“The last 12 to 18 months have been critical for the university with a lot of uncertainty surrounding the State of California budget. It was important for Elizabeth and me to redouble our efforts to ensure financial success,” explains Tom Tierney, the president of Vita-Tech

“We are moving away from lots of small gifts and focusing on institutions where we can make a difference and that have made a difference in our lives.”

Betty Eveillard

International, which manufactures nutritional supplements.

In a meeting of the university’s board of regents at which the hospital campaign was discussed, Tierney posed the question, “If not now, when? If not us, then who?” Thinking back, he shudders at the consequences of failure. “It would have been a morale blow to the faculty, our physician-scientists, and the university as a whole if we did not successfully execute the campaign plan.”

Betty Eveillard, a 1969 graduate of **Smith College** who has supported her alma mater continuously since her graduation, also played a strong role in advocating for Smith’s \$500 million *Women of Promise, Lives of Distinction* campaign.

“As one of the leading private colleges in the United States, Smith is financially and academically strong,” explains Eveillard, a Smith trustee since 2003, who now serves on its finance committee and campaign cabinet. “There are

tremendous opportunities in times of crisis and financial weakness for a strong institution like Smith to advance itself in significant ways and to raise its profile.”

Her recent \$5 million gift is the campaign’s first to support international programs. Yet she remains mindful that many people can no longer give at previous levels. “One has to be understanding of personal economic situations,” says Eveillard, who has shifted her giving strategies in recent months to institutions where she and her husband serve on boards and have the closest connections: **The Frick Collection**, Smith College, and **Glimmerglass Opera**. “We are moving away from lots of small gifts and focusing on institutions where we can make a difference and that have made a difference in our lives.”

The economy was not about to deter Gabriel Hammond, founder and managing partner of Alerian Capital Management, a Dallas-based finance and asset management firm, from fulfilling a moral commitment to his

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alma mater. He notes, “2008 was an ugly time in the financial industry. Although it left me far short of meeting a personal financial goal I had set years ago, that was not a good reason to postpone my gift.” While no formal agreement had been executed at the time, Hammond says, “I had made the commitment in my head, and I wanted to follow through and do the right thing.”

A 1997 graduate of **Mercersburg Academy**, an independent boarding and day school in south central Pennsylvania, Hammond made school history in April 2009 with a \$1 million gift to fund the Arce Scholars, in memory of his mother. “My parents were terrific about instilling the value and importance of education,” he says. “They never pushed me toward a particular career, but they made sure I was prepared for anything. Education is at the root of ameliorating global problems and opening opportunities for people who would not have them otherwise.”

Enhancing opportunities for students and faculty has always been a major incentive for William G. Lowrie’s ongoing support of the Department of Chemical and Biomolecular Engineering at **The Ohio State University** over the last 30 years.



“WE DIDN’T REALLY BREAK UP. WITH THE ECONOMY, THINGS COOLED OFF BETWEEN US. BUT, I’LL START MAKING PLEDGE PAYMENTS AGAIN THIS YEAR.”

A 1966 Ohio State graduate, Lowrie rose from engineer to president during a 33-year career with Amoco Corporation. Last February, he and his wife made a commitment of \$17 million to the department, the largest individual gift ever made to engineering at Ohio State, to fund construction and support of a new laboratory facility, create a professorship, establish a new endowed chair, and endow new initiatives in education and research.

The gift was in process in 2007, and while Lowrie admits, “Looking at my net worth in early 2009 was sobering,” he never wavered. “It did not cross my mind to delay giving. I wanted to move on it, regardless of the economy, so that I could see it happen and partially repay the university and the department

for the huge impact they have had on my life and the lives of so many others.”

Taking It Personally

The level of personal involvement of the major donors interviewed in this issue nearly supersedes their level of giving. From donning a hard hat to lead facility tours to honoring a former teacher, it was often an enduring personal connection that motivated their philanthropic priorities.

Rather than delegate orientations and tours of the new UCI hospital facility, Tom Tierney says, “It was important that I was present at every single donor touch opportunity. Intimate familiarity with the construction and design features of the facility gave me

much more credibility,” he says. “I was emotionally and spiritually vested in the campaign; I wasn’t just preaching about a need. Donors need a higher calling, and they could read my passion.” Tierney believes his approach has set a precedent for more active involvement by top-level community leaders in future campaigns.

Eveillard’s decision to support Smith College’s international program reflects a theme that resonated with her. “I participated in Smith’s Junior Year Abroad program, and I thought it was time to tie its many different

international strands together by supporting initiatives through a new Center for International Studies,” she describes. In addition to funding student scholarships, she designated that a portion of her gift fund a program to bring recognized experts to campus to address international issues. Inspired by a great aunt who funded a speakers program at the University of Chicago at the age of 99, Eveillard believes, “This is one way to put Smith in the public eye.”

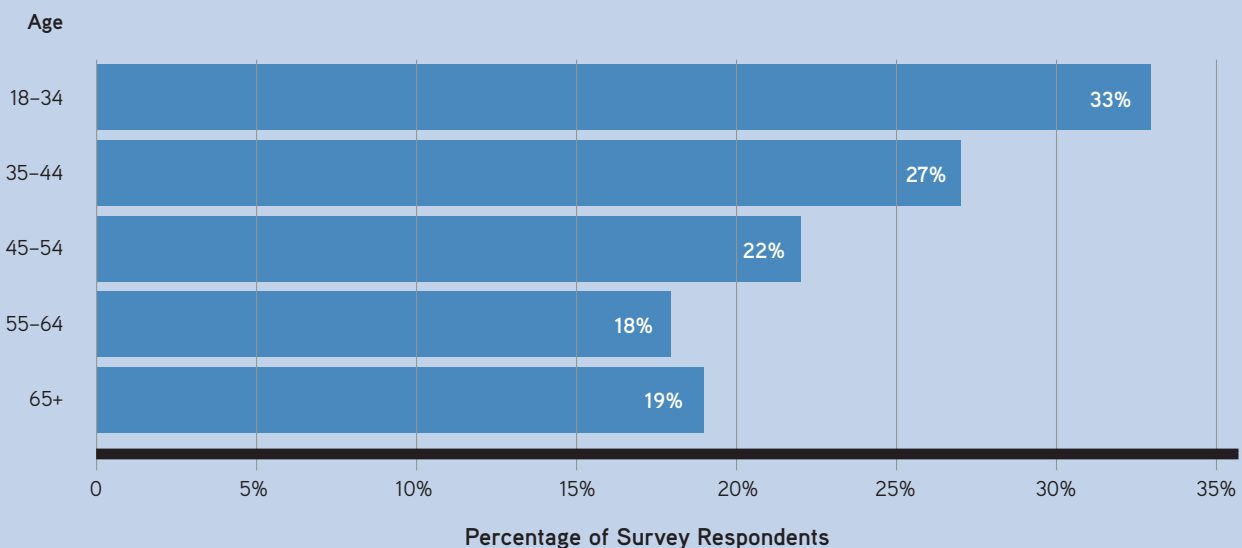
Equally important to Eveillard is her support of Glimmerglass Opera, a nonprofit summer opera company

in Cooperstown, New York. Like so many cultural institutions feeling the economic pinch, Glimmerglass recently revised its total budget. Still, Eveillard happily reports modest increases in giving to Glimmerglass Opera in 2009.

“This summer, prior to every performance, the general director stood up before the audience and described the opera’s dependence on private donations. I find it fascinating and heartening that people responded to a positive personal experience at the opera by making a gift,” she relates.

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High Net-Worth Individuals Who Report a Growing Responsibility to Share Their Wealth (2009)



Source: *Tomorrow's Philanthropist*, Barclays Wealth and Ledbury Research, 2009

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For Hammond, his tenth reunion prompted his philanthropic activities. “When I graduated from Mercersburg, giving a gift to the high school was the last thing on my mind,” he says, until a chat with a former physics teacher about the need for greater diversity at the school led to an introduction to Mercersburg’s director of principal gifts, who is the mother of one of Hammond’s former classmates.

Hammond initially met with the admissions committee to discuss his views on applicants, and on several occasions has met the recipient of the scholarship he funded. He affirms, “The connection to the gift process and the feeling of ownership mean a great deal. It makes you more likely to give again and give more.” However, Hammond is interested in giving “something more valuable than money” to students. “Whether talking about the college application process or potential job placements, I want to be a resource on as many levels as possible,” he describes.

Bill Lowrie has never forgotten two faculty members, in particular, who were instrumental in his engineering education at Ohio State. He has created a professorship in one’s name and is funding a building named after another. “The chemical engineering department is unique because of one man: Joe Koffolt.

He taught us about loyalty and hard work,” says Lowrie, who describes how Koffolt sent holiday cards to every former student and knew all about the spouses and children of graduates. “You became one of Joe’s jewels when you graduated,” says Lowrie, who was adamant that Koffolt’s name remain on the newly renovated laboratory he is supporting.

The Yuskos’ experience (see story, page 1) offers further evidence that major support is directly related to strong and compelling connections to people and communities. Mark Yusko is clear that if not for the

strong personal involvement of key members of the leadership team at Notre Dame, including the provost, executive vice president, and vice president of university relations, his gift would never have come to fruition. “They were all directly involved in our discussions, and it couldn’t have happened without all of them,” he says.

A Turning Point

While the number of U.S. billionaires decreased from 489 to 391 in 2009 (*Forbes*, September 30, 2009), and the world’s population of HNWIs was down 14 percent from 2007 to 2008 (*2009 World Wealth Report*, Capgemini and Merrill Lynch Global Wealth Management), researchers predict the economic downturn will not affect an important trend: the largest intergenerational transfer of wealth in our nation’s history.

“The downturn is not going to keep people from dying, and it is not going to keep a wealth transfer from occurring,” Paul Schervish,

“The connection to the gift process and the feeling of ownership mean a great deal. It makes you more likely to give again and give more.”

Gabriel Hammond

director of The Center on Wealth and Philanthropy (CWP) at Boston College, told *Forbes.com* writer Richard C. Morais (“Huge Wave in Charitable Giving Still Coming,” October, 2, 2009). In fact, John Havens, senior research associate and senior associate director of CWP, says the predicted \$41 trillion transfer figure is still reasonable.

As economies worldwide emerge from the recession and the economic recovery begins, chief development officers must ensure they have strengthened relationships with major donors.

The University of California, Irvine, announced its \$1 billion *Shaping the Future* campaign this fall, and Mitchell notes, “I’ve been in the business for more than 20 years, and in the last year or two I have started getting questions from leading donors that I never heard before. This is a turning point for the profession.”

He advises development officers to be prepared for more questions on the costs of raising money and how gifts contribute to positive change.

Eveillard concedes that institutions may continue to see some reticence about giving among top donors, and “they must cast a wider net.” She also believes institutions should not dismiss the importance of gifts from younger people, who in 10 or 20 years could be major donors. “Obviously large gifts are transformative, but institutions may need to explain more convincingly to donors how those gifts can transform an institution. That message will be an important part of the Smith campaign.”

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Working Effectively with Major Donors Through the Recovery

Since wealthy donors want to see greater impact and demonstrable results from their giving, according to the Barclays Wealth *Tomorrow’s Philanthropist* survey, the onus is increasingly on charities to provide greater transparency and more evidence of how gifts affect people and programs. As the economy rebounds, institutions must promote the commitment of senior leadership, strengthen communication with donors, identify flexible and creative gift strategies, and recruit talented professionals.

“Philanthropic work has a higher potential for success when it is supported by a palpable and continuing endorsement from the vice chancellor of a university or the president of an institution. Absent top-level support, it is pretty much an uphill battle.”

Tom Tierney

“Donors demand show and tell results. Don’t tell me what you need, tell me the results. More philanthropists are writing checks because they see results, far different than 20 years ago when a friend would send you a solicitation letter, and you would write a check based on that connection.”

Bill Lowrie

“Organizations must talk more openly about how they work internally, how funds are used, and how their infrastructure operates. Selecting a charity is no different from the due diligence process for other investment decisions I make. Those selected for boards need to be chosen for more than their donations or CVs and must understand what the expectations are for them.”

Gabriel Hammond

“Institutions should be flexible and creative with gift agreements. Notre Dame is helping to fund some of the organization and administration costs of the Hesburgh-Yusko Scholars Program for the first few years so that we can use more money directly for scholarships.”

Mark W. Yusko

“Development officers who have good communication skills, are problem solvers, and are intellectually curious are in high demand. We have moved some university advancement staff members who have exhibited skills that would be good in fundraising into our campaign team and matched them with development staff for mentoring.”

Tom Mitchell

Connections Keep Major Donors on Course

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When it comes to convincing others, Tierney believes, “Anyone who participates in a philanthropic endeavor should regard themselves as privileged and should go out of their way to stay humble about that privilege. Potential donors can read your heart in an instant so it is important to show people who you are.”

Hammond hopes people look at his gift and think about how they can make a difference. “If you are focused on this country’s future, support of education is an investment that will always earn a strong return,” he says.

While donors may embrace Hammond’s position, chief development professionals should not lose sight of the simple acts of kindness that can forge long-term relationships. Yusko recalls a meaningful gesture when the couple’s multi-million-dollar gift to Notre Dame was announced. “A chief development officer at another institution with which we had been involved called the day of the press release to simply congratulate us on our gift to Notre Dame. That was a smart move; others who came after us immediately asking for gifts to their institutions made a mistake.” ❖

CORRECTION

Our apologies to Deborah Wiediger Strecker, director of alumni relations and annual giving at Haverford College, for misspelling her name in the fall issue.

Top Gifts and Pledges in 2009

The following list represents the largest gifts and pledges from individual donors that were announced publicly in 2009.

\$747 million from John C. Haas and family to William Penn Foundation

\$705 million from Fiona and Stanley Druckenmiller to Druckenmiller Foundation

\$350 million from Melinda and William H. (Bill) III Gates to the Bill & Melinda Gates Foundation

\$170 million from Joan and Sanford Weill to Weill Cornell Medical College at Cornell University

\$125 million from Michael R. Bloomberg to varied charities to reduce and prevent fatalities and injuries from automobile crashes

\$100 million from J. Ronald Terwilliger to Habitat for Humanity International

\$100 million from William P. Clements Jr. to University of Texas Southwestern Medical Center

\$100 million from an anonymous donor to Amherst College

\$100 million from George Soros to Fund for Policy Reform

\$85 million from Louise Dieterle Nippert to Cincinnati Symphony Orchestra

\$65 million from Patrick Soon-Shiong to Saint John’s Health Center

\$50 million from Caroline Amplatz to University of Minnesota Children’s Hospital

\$50 million from Ronald P. Stanton to New York-Presbyterian Hospital/Weill Cornell Medical Center

\$50 million from James Martin to Oxford University

\$50 million from Susan and John W. Jackson to Yale University

\$50 million from an anonymous family to Dartmouth College

\$50 million from George Soros to Central European University in Budapest, Hungary

\$50 million from Pam and Pierre Omidyar to Hawaii Community Foundation

Hybrid Gifts Expand Donor Options

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and introducing the notion of a hybrid gift. “By adding \$5,000 each year to our annual \$20,000 payments, we could see the spending from the ultimate gift at work immediately,” explains Mark Yusko. “We eventually increased the gifts and fully funded the programs at \$500,000 so we could focus on our scholarship program.”

“The hybrid model is a powerful tool,” says Yusko, the founder, president, and chief investment officer of Morgan Creek Capital Management. “The old school way of waiting to spend a gift until it is fully funded has some limitations. It doesn’t give donors the immediate feedback about the difference their gifts are making to the organization and its beneficiaries.”

Two summers ago, the couple attended a Notre Dame Advisory Council trip with President Father John Jenkins and other executive

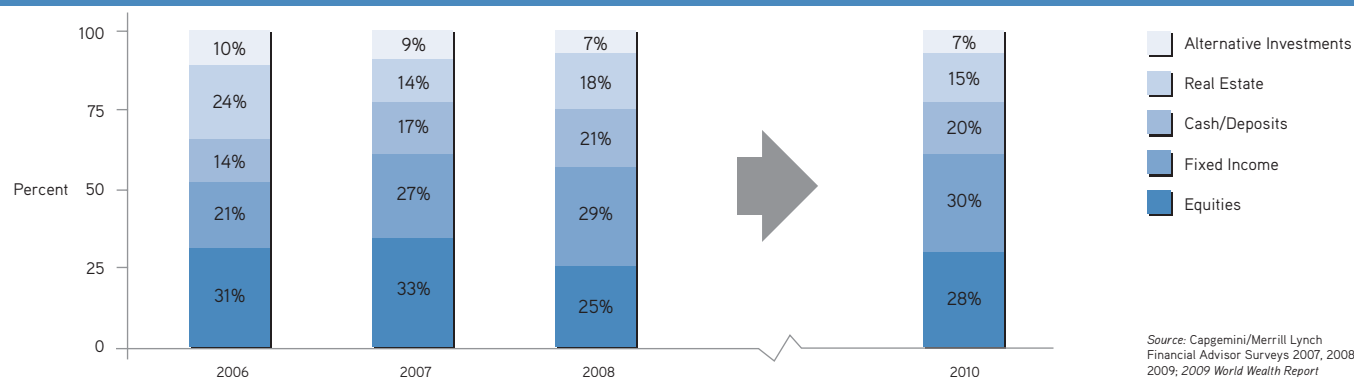
officers of the university. “An individual on that trip made a big impression on me by talking about the notion of sacrificial giving—giving that requires making choices, not just drawing from discretionary funds,” says Yusko. “He convinced me that if you continually give, you will continually have.”

In August 2009, the Yuskos announced a \$35 million gift to establish a new undergraduate merit scholarship program as part of the university’s \$1.5 billion *Spirit of Notre Dame* campaign. The third largest gift in Notre Dame’s history will create the Hesburgh-Yusko Scholars Program, a comprehensive merit scholarship and enrichment initiative to attract talented undergraduate students and give them tools to become transformational leaders in the image of former Notre Dame President Father Theodore “Ted” Hesburgh, CSC.

“Our plan is to fund all of the operating expenses of the program for the next decade and begin to build assets in the Hesburgh-Yusko Scholars Foundation to support the program in perpetuity,” describes Yusko. “If we have enough money at the end of the first 10 years, we will fully endow the program. If not, we will continue to support the operating expenses of the program for another 10 years and revisit the terminal funding at that time. In either case, the gift is backed by an estate commitment and an insurance policy.”

Yusko adds, “We are willing to bet on the future success of our business activities that will support this program over time. In the end, we think of ourselves as stewards of the money we have made. We believe that we have a responsibility to do good with the gifts we have been given.” ❖

Breakdown of Financial Assets for High Net-Worth Individuals (2006 to 2010 Forecast)



Wealthy Donors Continue to Support UK Institutions

Major donors in the United Kingdom have demonstrated resiliency over the last 12 months, according to two recent reports, and are helping nonprofits weather the economic crisis.

Wealthy individuals and corporations continue to make sizeable donations, says the *Coutts Million Pounds Donor Report* (Coutts & Co. in association with the University of Kent Centre for Philanthropy, Humanitarianism and Social Justice, 2009). The report analyzed 189 donations of at least £1 million made by UK donors or given to UK charities.

While the total value of these million-pound donations fell by 13 percent—from £1.6 billion in 2007 to £1.4 billion in 2008—the total amount of money available for immediate spending to support current causes increased by more than £100 million to £808 million in 2008. “Major donors are adapting their giving in response to changing circumstances to ensure more money flows to good causes during periods of economic difficulty,” the report notes.

Higher education received the largest number of million-pound gifts. Overall giving to universities

in the UK grew by 28 percent to £682 million in 2008, according to the *2007-08 Ross-CASE Survey of Gifts and Costs of Voluntary Giving*, which evaluates the philanthropic health of universities in the UK (The Ross Group and the Council for the Advancement and Support of Education in Europe, 2009).

A graduate of the **University of Bristol**, who understands the importance of supporting his alma mater, began funding extracurricular activities in Bristol’s drama, music, and history of art departments after government budget cuts decimated special programs in the arts and humanities.

Meeting the Challenges

Although he prefers to remain anonymous, this key supporter of the university’s £100 million *Centenary Campaign*, acknowledges the challenges of raising funds in a difficult economy. But he notes, “A good deal of money was made in the global economic expansion that preceded this recession and many people will still be wealthy enough to give, particularly if institutions are able to demonstrate leadership.”

Yet he cautions that philanthropic success for some institutions may

require an increased investment in fundraising. “If the Bristol fundraising operation wants to raise large sums of money, they need to up their game and opt for the bigger, more profound approach rather than ask for a little bit of help,” he says. “Otherwise, I fear philanthropic giving will shrivel a bit in the current climate.”

As institutions in the UK begin building cultures of philanthropy, Mark Evans, head of the Wealth Institute for Coutts & Co., notes, “Donors need to be encouraged to share their ideas and experience in order to inspire others. Charities need to change the way they market to wealthy individuals by getting to know them first and by educating them about the causes they are looking to support.”

The donor agrees, “People want to give to things that are meaningful for them, that resonate with them. People will be generous if institutions can achieve that connection.” ❖

An Interview with Sir Adrian Cadbury

Sir Adrian Cadbury, chair of the development board of **Aston University**, is a noted businessman, scholar, and philanthropist who has served as deputy chairman, managing director, and chairman of Cadbury Schweppes; chancellor of Aston University; and chair of the Committee on The Financial Aspects of Corporate Governance (more commonly known as the Cadbury Committee). He has received numerous honorary degrees from UK universities and has been honored for his contributions to the arts as well. GG+A recently spoke with Sir Adrian Cadbury about the economy and the state of philanthropy in the UK.

Given the recent economic downturn, what are your thoughts on philanthropy in the UK?

“Clearly, the downturn had an immediate impact on the resources of charities and the expectations of institutions they support. Charities moved from investments that paid handsome returns to almost paying banks to hold their cash.

Our local institutions expected that donations would drop around 30 percent. While it has not been that bad and we are starting to see a better return, charities don’t quickly bounce back. They must adapt to a different level of support and be cautious about extending themselves.”

Have you shifted philanthropic priorities in response to the economy?

“I haven’t dropped any institutions, but there have been limits on my level of support. At the **Birmingham Settlement**, one of the smaller institutions I support, we are now more focused on fewer issues. One of the benefits of hard times: You concentrate on how you can really make a difference and how you can ensure funds are used to the best advantage.”

The *2009 Coutts Million Pounds Donor Report* notes the increasing importance of collaboration between donors and charities in “making a difference.” Have you seen evidence of this trend?

“Collaboration is the key word. Donors must understand a charity’s priorities and charities must understand the needs of donors. Through collaboration, a donor won’t tie a donation to something that is not an immediate priority.”

How did philanthropy at Aston University evolve during your 25 years as chancellor?

“For the first 20 years, the university was totally reliant on state funding. That changed abruptly with an immediate need for the university to diversify sources of income. We need benefactors, and we’ve got to develop relationships with alumni. You can’t ask alumni to give if you haven’t been paying attention to them.”

As chair of Aston’s development board, how have you been working with the university in its philanthropic approach in the last 12 to 18 months?

“Aston’s development board has been helping the university’s four schools think about their real needs and develop cases for support that appeal to individuals or groups. The university must ultimately decide the priorities, but the board can help get senior management together for these types of discussions.”

Do you think donor expectations have intensified in the last few years?

“As demands for support have grown and state assistance has shrunk for education and the arts, donors need to be quite sure that what they are doing will make a difference. Appeals have become more rigorous: they clarify what spending is for and they spell out what outcomes will be.

With all of our technology, we must learn to maintain contact and keep donors informed. That is part of raising the professionalism of fundraising: understanding what donors would like to support and providing feedback on what gifts achieve.”

Higher Education Relies on Loyal Donors in Difficult Times

Charitable institutions of all sizes and purposes have weathered unprecedented anxiety over the past 18 months about the extent to which their donors would continue to provide support. In an effort to understand how the economic recession has impacted the actions of leadership donors over the past 25 years, GG+A analyzed the behavior of donors of gifts of \$1 million or more across 12 institutions of higher learning, from 1985 through 2009. Our findings are as follows:

- Most leadership donors demonstrate an impressive pattern of loyalty to their institutions. The donors represented in this analysis (2,708 in total) have made gifts, on average, between 74% and 97% of the years preceding the gift of \$1 million or more.
- The level of donor loyalty demonstrated in the second year of each recessionary period increases sharply. In other words, the donors likely to make leadership gifts when the economy is firmly embedded in a recession are precisely those whose giving is most constant, regardless of external conditions.

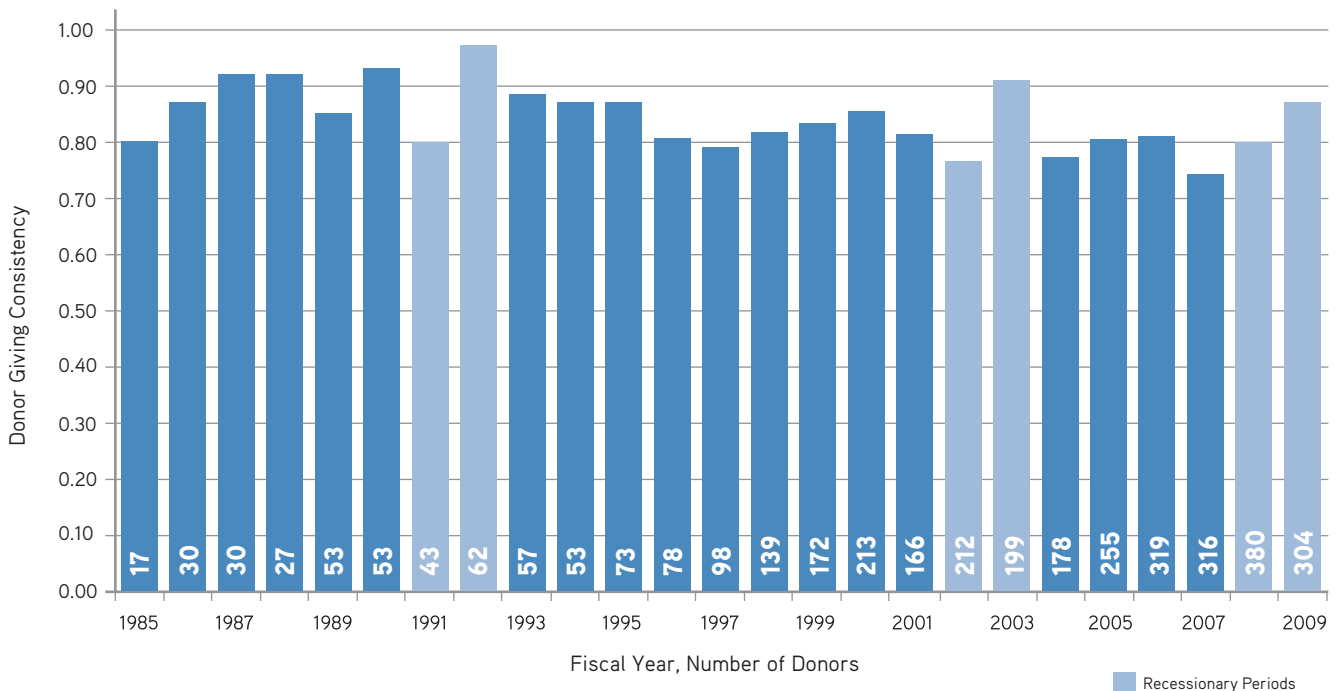
GG+A believes that organizations can learn several key lessons from this evidence:

- Even in boom times, this group of educational institutions, which includes those that lead the nation in levels of charitable giving year after year, receives their leadership gifts from donors whose philanthropic connections have been nurtured carefully over time.
- Organizations of all types should stay in touch with their most reliable donors during times of economic difficulty. Although some

individuals may reduce their support, many will maintain giving to the best of their ability, and the opportunity to return to previous levels when external conditions improve will be greater if the philanthropic relationship has been sustained.

- Communicate clearly your institution's gratitude for loyalty and consistency of support, and work carefully to avoid any suggestion that donors are taken for granted. Effective stewardship will pay off in times of difficulty. ❖

Giving Consistency of Leadership Donors to Higher Education, FY1985 to FY2009



Source: GG+A Philanthropic Analytics

Notes: Data represent the consistency of giving (i.e., the percentage of years in which a gift has been made previously) for the 2,708 donors who made single gifts of \$1 million or more to 12 major research universities (five public and seven private). Includes outright gifts and pledge payments, as well as soft credits from non-individual entities (personal foundations, privately held corporations, and donor-advised funds).