

GG+A Quarterly Review

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GG+A
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Philanthropic News & Analysis

Annual Giving Assumes Growing Importance in Uncertain Times

Success Driven By Balancing Message, Delivery Channels, Segmentation

Following two major market declines in the last decade that resulted in shrinking budgetary support from endowment and ongoing reductions in state and federal funding for many institutions, annual giving is playing a greater role in today's advancement operations. For many, annual giving is now a critical component of private fundraising, as the ability to predict growth in the operating budget depends upon increased annual support in the aggregate.

This issue of the *Grenzebach Glier Quarterly Review* focuses on annual giving, beginning with how various institutions define the term and examining recent trends affecting annual giving. Interviewees from educational, cultural, and healthcare organizations discuss how their institutions set goals, develop strategies, segment donor audiences and messages, and measure success.

In addition, throughout the issue, GG+A provides examples of best practices employed by the most successful annual giving programs.

Defining Annual Giving and Audiences

Institutions of all sizes and types wrestle with the definition of the "annual fund," using gift level, gift frequency, intended use, or a

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Repositioning Annual Giving Within the Development Operation

In the past, annual giving often operated quite independently from major/capital giving operations. Increasingly, at the programmatic and organizational levels, annual giving and major gifts work are more closely aligned, requiring effective collaboration at the management level and cross-training across the development organization. Recognizing that annual giving serves as a pipeline for major gift prospects, institutions are leveraging comprehensive campaigns and related development activities to recruit and retain more annual donors at the lower levels as well as to promote high-end annual giving.

In order to motivate annual donors, The Stanford Fund staff established Stanford Fund Scholarships during *The Stanford Challenge*, the most successful fundraising campaign in higher education, which raised \$6.2 billion for **Stanford University**. Leadership donors of \$25,000 or more to The Stanford Fund are recognized at the Stanford Fund Scholarship level. Similar to the stewardship benefits that

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combination of these factors as criteria for annual fund contributions. While the institutional definitions may vary, annual giving, at its core, provides much-needed operating budget relief to institutions and is more critical than ever to the long-term success of advancement efforts.

Here are a few examples of current practice across a range of educational institutions:

Gifts that may be applied immediately to the operating budget. Restricted or unrestricted gifts of any size that support **Bucknell University's** operating budget are considered gifts to the annual fund, according to Loni Kline, annual fund director. Annual fund totals at Bucknell have remained close to \$11 million in recent years.

The Stanford Fund for Undergraduate Education raised some \$22.1 million for **Stanford University** and posted a 36.3 percent participation rate from undergraduate alumni in 2012 compared to \$21.3 million and a 36 percent participation rate in 2011, according to Alex Tenorio, director of The Stanford Fund. While undergraduate degree holders are the primary donors to the annual fund, "we also have a great deal of support from parents, current students through the senior gift, and friends," says Tenorio.

Unrestricted gifts. Last year was a good one for **The Shipley School's** annual fund, which received some \$1.5 million in 2012 compared to \$1.38 million in 2011. "We define an annual gift as a completely unrestricted gift of any size that goes into the operating budget and that we have deemed repeatable," says Betsy Block, associate director of

development," explains Keith Wiggs, associate director of development, who notes that the school will not restrict a gift smaller than \$5,000.

Not unlike many of its peer institutions in the United Kingdom, **Durham University** is in the start-up phase of a formal annual fund program. The university, which

BEST PRACTICES

- A defined annual fund or annual giving program provides an opportunity for every institutional constituent to make a gift each year.
- Annual giving is seen as a key component of the long-range plan for constituent engagement and cultivation.
- The annual giving program has a specific identity within the larger development program.
- However the institution chooses to define annual giving, the definition is consistent year-in and year-out and is well understood by donors.

development for parent engagement at Shipley, a pre-kindergarten through grade 12 co-educational day school in Bryn Mawr, Penn.

Gifts that fall below a certain size. One of New Jersey's largest independent day schools, **Montclair Kimberley Academy**, considers any support for the annual budget, up to \$35,000, as an annual gift. "Seventy to eighty percent of annual gifts are unrestricted, while some have broad designations to areas such as athletics, facilities, academics, financial aid, or faculty

recently coordinated annual giving among its 16 different colleges into one centralized effort, now counts any gift of less than £10,000 as an annual gift, explains Linda Morrison, annual giving manager.

Rush University Medical Center, a comprehensive academic medical center in Chicago, defines annual giving to acknowledge that donor priorities extend beyond unrestricted giving. "With our alumni population, we generally solicit for gifts that support student aid, but with our friends population, most of our

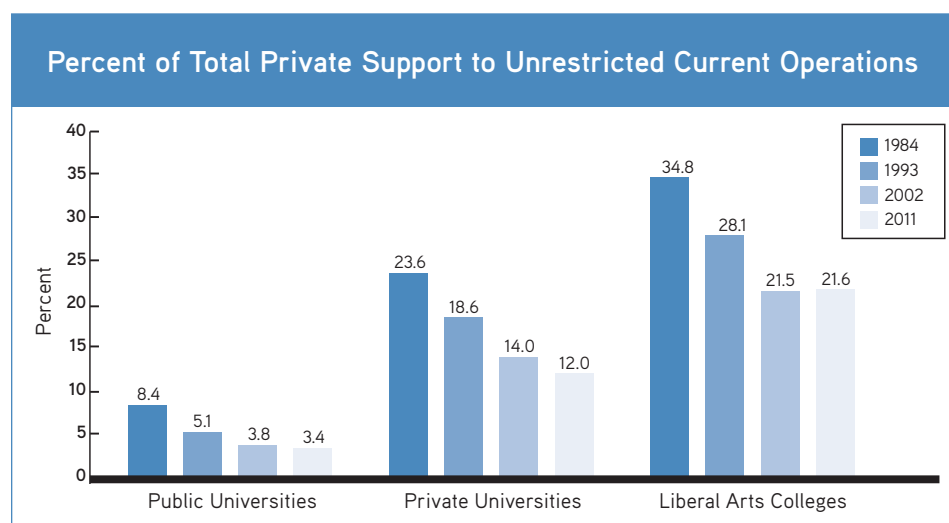
giving comes from grateful patients or in the form of tribute and memorial gifts,” says Alex Kwak, director of annual giving. Kwak cites a trend away from unrestricted support, noting, “Donors want their gifts to make a difference in a specific disease area.” Any gift below \$25,000, restricted or unrestricted, is considered an annual gift at Rush.

Gifts that meet several criteria.

The **University of Delaware**, which does not have a traditional annual fund, defines an annual gift according to three criteria: the designation of the gift to current operations; the source of the gift (from a direct response mechanism or through an annual giving officer’s solicitation); and the donor’s intention. “The donor’s intention allows us to take into account that we have an uncultivated alumni base—it is not only about the amount of a gift. Source and designation are not the only drivers in determining an annual gift,” explains Robin Wray, director of annual giving. Annual gifts to Delaware totaled \$5.2 million in 2012, up from \$4.9 million in 2011.

Trends in Annual Giving

Because definitions of annual giving vary across the spectrum of not-for-profit institutions, analyzing trends overall can be difficult. Given the historical practice of defining annual gifts as unrestricted support,



Source: *Voluntary Support of Education Annual Survey*, Council for Aid to Education

that designation can serve as a reasonable proxy for “annual giving” *per se*. Over the last half-century, higher educational institutions have experienced a steady decline in the percentage of total private support allotted to unrestricted current operations (see chart above), according to the annual Voluntary Support of Education survey conducted by the Council for Aid to Education (CAE). Much of this support typically is provided through annual giving programs.

At the same time, alumni participation rates across higher education have dropped precipitously in recent years. CAE reports that overall alumni participation has been declining slowly for the past decade from 13.2 percent in 2002 to 9.5 percent in 2011. Nearly five years ago, *The Wall Street Journal* (“Math Lessons: To Boost

Donor Numbers Colleges Adopt New Tricks,” 2007) noted the decline, attributing it, in part, to demographics—a greater number of living alumni reduces giving rates—but citing increased competition from more charitable organizations and “a failure of wealthy colleges to make compelling cases for annual donors.” Today, rising tuition costs and growing student debt loads are further limiting the capacity of young alumni to give, according to a 2012 study by the National Bureau of Economic Research.

Setting Goals

When it comes to setting annual giving goals, institutions also vary in their approaches. Fundamentally, goals are based on historical annual giving patterns and realistic assessments of future performance, as well as institutional need for operating support. At best,

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institutions may use reliable data and analytics to inform annual goal setting and long-term planning.

At Bucknell, the annual giving staff “uses data analysis to identify trends that can help determine what we can accomplish in the coming year,” says Kline. The Shipley School trustees “carefully and conservatively” establish the annual operating budget and the role that annual giving is expected to play in support of the budget. “Once the board sets an internal annual fund goal in consultation with the director of development, we review the prospect pool and set a public goal,” describes Block. “We want it to be a real stretch, but within the realm of possibility. Last year’s budgeted annual fund goal was \$1.2 million with a \$1.5 million aspirational goal, which we reached.”

Other interviewees also report that the annual giving planning and goal-setting process is becoming a more collaborative effort. At Stanford, Tenorio works closely with the senior development staff and the university budget office to review prior results and set annual fund goals. In addition, each spring he schedules a full-day meeting with campus major gift officers to review annual gifts and prospective major gifts from managed prospects on a class-by-class basis. “The meeting engages our development

counterparts, sends a signal that we respect preferences for how to approach donors, and communicates that the annual fund is a priority for the university.”

Key Strategies for Annual Giving Programs

Every well-managed annual fund program relies on a consistent set of strategic objectives: retaining current donors, upgrading those current donors who have greater capacity to give, and acquiring new donors—in essence, using the typical methodology of well-run membership programs and their simultaneous focus on renewal, upgrade, and acquisition. These strategies support two very

To help reverse this decline, many institutions are employing a best practice of requiring major gift officers to close annual gifts from their assigned prospects. For instance, Bucknell has assigned more staff members as annual fund solicitors, and major gift officers are asking more of their assigned prospects for annual gifts in addition to their work in securing periodic capital commitments.

Rush is spending more “time and touches” to expand its donor base, which increased by 23 percent in 2012 compared to 2011, while getting more strategic in raising dollar totals. Kwak cites a successful \$50,000 challenge as one factor that

BEST PRACTICES

- Annual giving goals are based on a strategic plan, potential scale of gifts to meet the goal, participation goals, and data-driven internal decisions.
- Goals are designed to drive growth and are built on multi-year projections for dollars and donors.

important, but often conflicting objectives: to increase dollars raised and to improve participation.

In the last two years, Bucknell saw its participation rate drop from 36 percent in 2010 to 32 percent in 2012. “I think we would all be lying if we do not say the bottom line is our top focus, but you need effort in both areas,” says Kline.

helped increase the **Rush Medical College** alumni participation rate from 11 percent to 13 percent. He acknowledges additional work is needed to move the participation rate closer to the average for medical schools overall, 16.8 percent as reported by the American Association of Medical Colleges.

As it pushes out a reinvigorated

annual giving program, Montclair Kimberley Academy took a hard look at its giving pyramid. “We noted that we have a flat belly in the pyramid with no bottom. We are now stoking the bottom in an acquisition phase as we are squeezing support from the top. Participation and retention are primary goals; dollar amounts are almost secondary,” says Wiggs.

Delaware has moved from a full participation strategy to a pipeline development strategy. The university’s plan five years ago was to reach all 155,000 graduates, but today “undergraduate participation

remains flat in the 10 to 11 percent range,” describes Wray. Last summer, Delaware began targeting annual fund efforts to those 70,000 graduates with some history of giving as well as special programs for young alumni, relying on alumni relations to initially engage the majority of graduates who have never given to the university. Delaware also reinvigorated its Delaware Diamonds Society with new giving levels, new benefits, and new marketing. “The society is a way to raise awareness about giving amounts to audience segments with capacity,” says Wray.

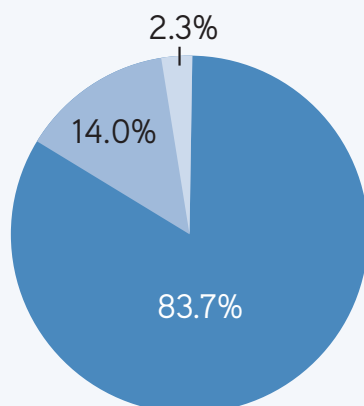
More Sophisticated Segmentation

Traditionally, annual fund programs have segmented donors using the basic models of LYBUNT (gifts made last year but unfortunately not this) and SYBUNT (gifts made some years but unfortunately not this). Today, more sophisticated segmentation tools are enabling annual fund officers to identify and target specific groups of donors based on far more criteria than giving history. Many donor segmentation strategies are driven by analytics—the analysis of an ever-growing volume of data, statistics, and metrics that better

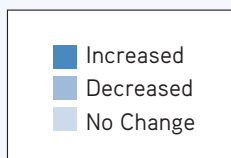
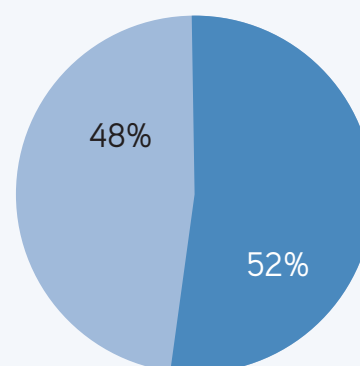
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A 2012 survey of a diverse group of GG+A’s client institutions, in the U.S. and abroad, showed that many annual giving programs are holding their own. GG+A measured performance across a number of annual funds, using their institutional definitions consistently. The survey results show slight growth in annual fund participation and dollars raised, up two percent and five percent respectively in the aggregate, in FY12 compared to FY11.

**Changes in Annual Fund Revenue
FY12 vs. FY11**



**Changes in Annual Fund Donors
FY12 vs. FY11**



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guide decisions about donors and non-donors alike. The following donor segments have merited special attention from interviewees:

Students. Increasingly, annual fund programs recognize that they must cultivate students early. Bucknell's student philanthropy group, advised by the annual giving office but operating independently, participates in activities to raise awareness among students about the importance of philanthropy. Their efforts are paying off as the senior class gift participation rate reached approximately 70 percent in 2012. Stanford also strengthened its senior class gift effort, reaching its highest participation rate ever (83 percent) in 2011, with a strong showing (78 percent) in 2012. "We end up with a core group of students who want to stay engaged and are enthused about philanthropy and the institution," says Tenorio.

Young alumni. Stanford recently consolidated its young alumni development team, including development staff members who oversee programs for graduates of the last 15 years. "This arrangement formalizes the interplay between classes and helps us sustain growth in the area," says Tenorio.

A major marketing effort is underway at Delaware through its Graduates of the Last Decade

BEST PRACTICES

- The annual giving program actively seeks new prospects from targeted pools, such as reunion alumni and current parents, utilizing research/screening/predictive tools.
- There is a specific plan for solicitation that segments the prospective donor pool using sophisticated analyses of donor behavior and past giving, wealth, and predictive modeling indicators.

(GOLD) program. Using phonathon, direct mail, and e-mail, the program includes an undergraduate alumni challenge that matches up to \$1,000 per gift. "This device kick-started fiscal year 2013," explains Wray, who is planning campus and New York-based information sessions and events for alumni in the spring. "The GOLD group represents 33,000 of our 150,000 alumni. While they are the hardest to locate and the most expensive to invest in, they provide the greatest payoff in terms of long-term support and engagement."

To court its most recent graduates, many of whom have never been solicited, Durham is targeting alumni segments based on class year, college, subject of study, and current employment. "We are matching potential donors with student callers who share some of the same demographics," describes Morrison. Durham is also looking at ways to increase electronic giving among younger alumni, which will make the renewal process easier as well. The use of debit cards to

make and automatically renew gifts is routine in the U.K. and Europe, but has yet to gain widespread acceptance among U.S. donors.

Parents. In 2012, for the first time, Shipley sent a welcoming letter without a dollar ask to its 80-plus new families, accompanied by a list of leadership donors. The direct mailing achieved a much higher return than comparable letters mailed in previous years that included specific ask amounts. "We always struggle with families who are new to the school and have no giving history with us," says Block. "We were shocked at the number of four- and five-figure gifts from a letter that simply asked them to consider making a leadership gift while providing examples of other parents who had done the same. Clearly, new families understand our culture of philanthropy."

Montclair Kimberley Academy, on the other hand, is struggling with moving members of its parent club, which has operated primarily as the school's booster club, to

annual fund participation. “The Parent Association of Montclair Kimberley Academy is robust, and membership is a great way to volunteer and do good work,” says Wiggs. “Volunteering and supporting fundraising events, however, is far different than making a long-term financial commitment. We must engage in an education process to distinguish the development effort and make our case.”

Channels and Messaging

Reaching annual giving donors and prospects through any channel continues to be challenging, and it often takes a combination of direct mail, phone, and e-mail to raise money from current annual fund donors. Interviewees report sending more e-mail solicitations, creating more web-based appeals, and using social media tools, such as Facebook and Twitter—all of which could be helping to drive an increase in online annual giving, although tracking the motivation for each gift remains more difficult than traditional channels. Ideally, staff members can identify the point of diminishing return for each solicitation channel and strike a balance with the needs and goals of an institution’s annual giving program.

“Direct mail continues to be the most successful element of our fundraising programs,” says Block, who notes a recent survey of alumni

found the majority did not want to receive phone calls from Shipley. “We will continue to use phonathons to reach current parents, but even our parent volunteers have indicated they prefer personal e-mails with a link to our online giving page.”

Kline agrees that phonathons may yield decreasing returns in the future. “Student calling brings in one-third of Bucknell’s alumni donors each year, so it is still a critical component of our efforts. However, as it gets harder to reach people by phone, we are getting more creative with segmentation and messaging.” Montclair Kimberley Academy is undertaking a more

segmented direct mail approach and has developed a social media playbook to help drive people from Facebook to the school’s online giving web page. “We are finding most people ignore e-mail, but they will respond to a text message or a personal phone call,” says Wiggs.

David Williams, Durham’s new development communications manager, was hired to ensure consistency of messages and “move away from highly fragmented communications to alumni,” he says. Graduates now receive an initial appeal letter from the university’s chancellor, followed several weeks later by a targeted



"HEY DEADBEAT. ER, I MEAN DEAR LYBUNT. BETTER MAKE THAT FRIEND."

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Integrating Membership and Annual Giving Programs

By Suzanne Hilser-Wiles

GG+A Vice President Suzanne Hilser-Wiles has more than 15 years of experience in advancement, membership and program-building, and campaign planning in higher education, healthcare, arts and cultural, and other non-profit organizations. Previously, as vice chancellor for advancement at the University of North Carolina School of the Arts, she oversaw fundraising, communications, marketing programs, and alumni relations. At CancerCare, a healthcare nonprofit in New York City, as well as the Metropolitan Museum of Art and the Museum of Modern Art, she helped manage annual membership programs and cultivate major gifts donors.

Historically, at many institutions, membership and annual giving were separate programs, often running on parallel tracks in different departments. Today, institutions are increasingly integrating these efforts, an approach that “has benefited our program dramatically,” says Laura Brouse-Long, director of Friends of the Smithsonian and the James Smithson Society at the **Smithsonian Institution**. The Smithsonian’s membership program, which was reorganized in late 2010 under the Friends of the Smithsonian umbrella and is managed under the Smithsonian’s central Office of Advancement, includes 82,000 member and donor households, which generated \$13.1 million in the aggregate in 2012.

Membership and annual giving programs are integrated largely in two ways: through the solicitation of additional contributions from lower-level members and through upgrade opportunities, which are often called upper-level membership or giving societies. The upgrade designation may provide members with special recognition; increased benefits, such as behind-the-scenes access for events or exhibitions; and the opportunity to deepen relationships with the institution.

Building the foundation for a more philanthropic membership base often begins with increased solicitation of general members. Additional contributions from lower-level members

serve two important functions: they provide unrestricted dollars for the institution, and they help create stronger relationships with general members, the best prospects for future gifts. Some 80 percent of upper-level giving society members typically come from the general membership population, according to Brouse-Long.

At the **San Francisco Museum of Modern Art (SFMOMA)**, until last year all general members were solicited for contributions to the Museum Fund once each year. A highly successful second mailing last spring prompted the museum to make an additional mailing part of its annual plan, according to Nancy Finn, the museum’s director of membership. For moving your general members to higher levels of giving, consider the following recommendations:

Ask. Many institutions are concerned that additional solicitations of lower-level members may suppress membership results. Not so, says Brouse-Long, who encourages testing to determine which members are open to making more frequent contributions. Last year, 1,200 Smithsonian members gave more than four times each in response to appeals.

Include an envelope. By inserting response envelopes in acknowledgment letters, catalogs sent as membership premiums, membership publications, and other mailings, the Smithsonian generated \$197,000 in additional income in 2012.

Start talking about philanthropy right away. Purchasing a membership is a way to become a part of an institution’s family, so talk to new members as insiders who care deeply about the institution.

Coordinate your messages. Newsletters, solicitation efforts, and stewardship should integrate messages that reinforce institutional vision for members and donors at all levels of giving.

Know your data. It is critical to understand your donors and their philanthropic behavior: How long have they been with you? How often will they give? What groups are more likely to upgrade? With this information in hand, prioritize time and resources around those members and donors who are most likely to grow their relationships with your institution. As an example, SFMOMA is planning to customize its Museum Fund using wealth capacity information.

Integrate upper-level and giving society members into stewardship activities. An invitation to an event with your director or board chair can help make a supporter feel truly appreciated and part of the inner circle. Be sure your

leadership is briefed on the member's giving history so the importance of the relationship is properly acknowledged.

Thank your members. Do not forget to send special thank you letters or notes that acknowledge what members' gifts are helping to accomplish at your institution.

Fundraising is a continuum, and today's annual fund donor or upper-level member may be tomorrow's major donor. The more closely membership and development are aligned, the more you can apply fundraising best practices to your membership operation and reap the greatest rewards for your institution.

Targeting Membership Renewals and Upgrades

| | | GG+A Recommendation | | | | | | | |
|----------------------|-----------------------|---------------------|-------------------|-------------------|--------------------|-----------------------|------------|--------------------|--------|
| | | Executive Circle | Executive Friends | Leadership Circle | Leadership Friends | President's Associate | Sponsoring | General Membership | |
| Current Donor Levels | Executive Circle | 78 | 8 | | 1 | 1 | | | 88 |
| | Executive Friends | 15 | 7 | 3 | 1 | | | | 26 |
| | Leadership Circle | 17 | 9 | 32 | 7 | | | | 65 |
| | Leadership Friends | 36 | 25 | 22 | 130 | 1 | 5 | 1 | 220 |
| | President's Associate | 8 | 4 | 12 | 63 | 30 | 85 | | 202 |
| | Sponsoring | 3 | 7 | 9 | 60 | 362 | 123 | 19 | 583 |
| | General Membership | 9 | 16 | 32 | 376 | 6,112 | 113 | 16,409 | 23,067 |
| | No Membership | 1 | 10 | 8 | 29 | 91 | 15 | 1,326 | 1,480 |
| | Honorary Member | 4 | 3 | 5 | 15 | 41 | | 73 | 141 |
| | Sustaining Member | 1 | 2 | 4 | 23 | 177 | 24 | 13 | 244 |
| | | 172 | 91 | 127 | 705 | 6,815 | 365 | 17, 841 | 26,116 |

Source: Grenzebach Glier and Associates

In this sample upgrade roadmap, GG+A used segment analysis of an institution's current membership base to determine those members who are the best candidates for renewal at their current level (dark blue cells) and identifying those members for whom upgrades are most likely based on past history and capacity to make larger membership contributions (white cells).

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request from the leadership of the graduate's college, all supported by a greatly expanded telephone campaign reaching up to 50,000 alumni.

"We are extending the phone effort to cover most of the year, which is a huge investment," says Williams. "We conducted lots of training on cultivation and sales techniques for callers, and we are using experienced callers to contact and

communications to appeal to specific groups. For example, engineering, science, and math graduates received a recent mailing, "Just the Facts, Jack," with short specifics and tight copy.

To celebrate the date of their first gifts, Delaware donors received a happy anniversary/thank you card featuring the Blue Hen mascot dressed in a tuxedo seated at a table with flowers and candles

which included a simple ask and a straight-forward comment on impact and was mailed in a plain monarch envelope, is performing well and has yielded a 22.5 percent response to date compared to an 8.7 percent response last year.

Following an annual gift, institutions are working just as hard to ensure donors are properly acknowledged and continue to receive communications throughout the year. Each fall, Delaware hosts a day-long Gratitude Gala that brings students together to write thank you notes to annual donors, "who are always so appreciative of the personal touch," relates Wray. Rush is boosting stewardship of first-time donors with donor-specific content in thank you notes and cold calls. "We also have conducted student thank-a-thons to our alumni donors and initiated regular thank you calls from staff to our friends audience," says Kwak. Durham staff members also are making thank you phone calls to a segment of annual donors. "We are explaining how their gifts are used and potentially asking them to upgrade their gifts. Other donors will receive a written thank you note detailing the importance of their gifts and preparing them for next year's ask," explains Williams. ❖

BEST PRACTICES

- The annual giving plan uses a comprehensive mix of techniques and programs such as leadership giving, phone, mail, web, face-to-face solicitations, reunions, and other natural affinity segments.
- The program has a strong identity among constituents and an image that is consistently and strategically employed in all levels of communications.

engage with recent graduates. We want to be more effective in how we reach and convert recent graduates, who in the past were not contacted until five years after graduation."

Whatever the channel, annual giving professionals are constantly reviewing the impact of different messages and struggling to develop more creative concepts to reach donors. "The graduates of Delaware's seven colleges have very distinct college and work experiences, and we have to find a way to talk to all of them," explains Wray, who initiated a series of more focused

anticipating an anniversary dinner. In 2011, Wray drew inspiration from the university's well-recognized horticulture program, including a seed packet with a letter that challenged donors with a "Dare to Plant," playing off the university's motto of "Dare to Be First."

Bucknell is keeping its written appeals simple and straight-forward. "We are focusing less on glossy design materials and more on simplicity. Ease of giving is the key to a greater response," says Kline. Bucknell's direct mail appeal to consistent donors this fall,

Repositioning Annual Giving Within the Development Operation

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endowed scholarship donors receive, they gain the opportunity to learn more about and meet individual scholarship recipients. “Well over 90 percent of donors to *The Stanford Challenge* campaign participated through annual giving,” says Alex Tenorio, the fund’s director. “We wanted to give those donors heading into major giving territory a reason

he plans to integrate the three annual giving clubs and adjust gift club levels to expand the leadership annual giving program.

Bucknell University’s strategy has shifted to promoting greater partnerships between annual giving and the major gifts team. “Our annual fund officers are doing

Keith Wiggs, associate director of development, is optimistic about reaching an annual fund goal of \$2 million by 2017. “The success of the annual fund will lead to the creation of the school’s first major gift program.” ♦

BEST PRACTICES

- The institution takes a long-term view of annual giving as a process that is strategically linked to and leverages other development programs.
- The annual giving program is used for strategic cultivation and engagement for future major and planned gifts, with an organized linkage of annual fund prospects and donors to major and planned giving staff, as appropriate.

to continue their annual support at the high end.” Stanford continues to see growth at the high end of the annual fund donor base due to focused solicitations and stewardship as part of “a deliberate choice to sustain the momentum of the campaign.”

Coming out of a highly successful seven-year, \$389 million campaign, a significant portion of which helped fund the new hospital at **Rush University Medical Center**, Alex Kwak, director of annual giving, finds it critical to “do everything we can to build a consistent, habitual culture of giving at Rush.” His office manages 4,200 donors in 10 segments for a total of \$3.3 million in annual giving. Before launching the next campaign,

more and more face-to-face visits, and we are increasingly working with our leadership gifts team to qualify discovery prospects in an effort to move donors forward,” notes Loni Kline, annual fund director. **Durham University**, too, recently introduced a new leadership gifts office to help generate larger lead gifts for the annual fund. “This function was a part of annual giving, but donors have been neglected in recent years so we have hired a leadership gifts officer,” reports Linda Morrison, annual giving manager.

As **Montclair Kimberley Academy** prepares for a spring 2013 public announcement of its five-year, \$25 million comprehensive campaign,

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Global headquarters

401 North Michigan Avenue
Suite 2800
Chicago IL 60611
P 312.372.4040
F 312.589.6358

Using Technology to Boost Annual Giving Results

The future success of annual giving programs will be linked closely to how effectively they use technology to analyze data and measure results as well as to strengthen ongoing communication with donors. Across the board, interviewees report that dollars and donors remain the two key metrics for annual giving operations, but success is often measured using a variety of variables.

The key data points that **Stanford University** tracks are similar to those measured by most interviewees. “We look at retention rates, acquisition rates, reactivation rates for long-lapsed donors, upgrade activity, and young alumni participation. We are

measurements are number of annual fund donors, total dollars raised, and total appeals,” says Robin Wray, annual giving director. In 2012, those numbers tallied up to \$5.2 million from nearly 22,000 donors and 27 different campaigns. To guide future annual giving decisions, Wray is working closely with an analytics professional on staff to create predictive models.

Rush University Medical Center is now putting the infrastructure in place to track annual fund progress more effectively. “In the past, we have not had solid data to accurately evaluate our program,” reports Alex Kwak, director of annual giving. “We have implemented more consistent methods

the types of reports we need,” says Linda Morrison, annual giving manager, who is eager to establish benchmarks to guide future decisions. “We need data to determine if more money is raised with targeted messages to the colleges and units as sub-brands or through a centralized brand approach.”

Annual Fund Director Loni Kline, a self-admitted data geek, and her team at **Bucknell University** “have been designing appeal strategies based on donors’ preferred appeal mechanism.” To engage younger donors through technology, Bucknell initiated an iPad challenge in 2011, generating gifts from 361 donors within two weeks, 240 of whom were lapsed donors.

BEST PRACTICES

- The annual fund relies upon a “library” of reports that are produced consistently and include multi-year comparative analysis of a number of key data points.
- Advancement services/information technology provides strong support in developing reports to track key metrics.

now building our predictive modeling capabilities to give us better insight into our non-donor population,” explains Alex Tenorio, director of The Stanford Fund.

The **University of Delaware** continues to build reliable data collection and reporting capabilities and in many ways is still in a start-up mode, testing programs and strategies. “Our key

for tracking appeal codes performance and developed better ways to define our segments so we can make more informed decisions and use data to guide our strategies.”

As **Durham University’s** annual fund gains momentum, all eyes are on the data. “We are in a delicate period of building the operation and identifying

Stanford is turning to technology to give donors greater access to stories that are linked to annual giving appeals through its newly redesigned web site. The stories, which will be used in direct mail, e-mail, video, and social media, highlight an annual fund-supported science and engineering program for incoming freshmen from under-resourced high schools. “Student stories will be archived on our site as we focus on creating a longer tail for content that resonates with donors and try to achieve synchronicity of messaging across channels,” says Tenorio. ❖