

Bankrolling the Business School

A business school's best friends often are its top alumni, who are committed to its success and deeply involved in its special projects. Identifying them and keeping them interested are two of the keys to successful fund raising.

by **Sharon Shinn**

illustrations by Sally Wern Comport

Individuals try to avoid asking their friends for money, but institutions make a habit of it. Colleges of business know that the people most likely to contribute to their causes are the people who truly care about their schools: alumni and other donors who feel a deep connection with the institution.

“Business schools must understand that major gift development depends on the long-term relationships developed with key alumni,” says Donald Gray, vice president of the University of Wisconsin Foundation in Madison, Wisconsin. “It is equally important to realize that these relationships take time, energy, commitment, and patience by the dean, the faculty, and the development officer.”

Development officers and fund-raising professionals emphasize that, to successfully raise money, business schools must identify potential donors, understand the donors' areas of interest, and keep these donors deeply involved in the life of the school. Then, when capital campaigns are organized, both individual and corporate donors will be willing to continue to support the school, both in its ongoing needs and its special events.



Who Will Give?

Identifying likely donors is the first step in creating a successful fund-raising campaign, but schools must make sure they cast their nets wide enough, according to Bob Zimmerman of Zimmerman Lehman, an organization based in San Francisco, California, that raises money for nonprofits. “The most important thing is to diversify your fund-raising base and pursue as many potential sources as possible,” he says. “On the grant side, go after foundations and corporations and government agencies, as well as religious donors. On the individual side, go after all the individuals who make sense. That’s most obviously alums, but it would also include families of current students, friends of current students, and friends, relatives, and colleagues of the members of the board of trustees.

“It’s the rare nonprofit that is raising money from everyone who is appropriate,” he adds. “I don’t mean going after strangers. I mean turning over rocks in your own back yard.”

A great deal of money can be found under those rocks, he says. “Last year in this country—privately—foundations, corporations, religious donors, and individuals gave more than \$200 billion dollars to nonprofit organizations. What’s important about that prodigious amount of money is that 90 percent came from individuals. Ultimately the people who are going to sustain any nonprofit are the individuals who are loyal to it.”

For business schools, those loyal individuals are most likely to be alumni. “Most of our major successes come either from individuals or from corporations that have a prominent alum as a corporate officer,” says Gray.

Professionals in development offices make it a point to track alumni who might have the interest and the resources that would turn them into major donors. “People do give money if they’ve had a good experience when they were students or they have a good experience once they’re an alum,” says Karen Margo, senior director of development at Washington University’s Olin School of Business in St. Louis, Missouri. “You have to be a little savvy to figure out which of those people with good experiences are going to be in a position to help you out. You might try tracking the top 300 graduates, for example, because you can’t know everybody.”

Margo also monitors the pool of alumni by working with an alumni board, participating in an alumni awards program, and featuring alumni in a school magazine. “As someone who works in the development office, I am always looking

for ways we can give our prospective donor alums some visibility,” Margo says. She might also work outside of the Olin School—within the larger context of Washington University—if she thinks there is a connection to be made between the school and the potential donor.

She also makes it a point to understand why—and what—the potential donor might be interested in giving. “If you don’t know your prospect pool, it’s really hard to second-guess from the outside what people might be interested in,” says Margo. “You might give them a formal proposal about a new building, but you find out later that they’d rather help fund scholarships.”

To avoid making that kind of mistake, advises Zimmerman, a development office should do some legwork on the donor it’s about to approach. “Colleges have to do a good job of research so they know that the X Foundation is interested in science labs and the Y Foundation is interested in scholarships,” he says. “They need to target—and they need to use the language that the funder wants to hear. If a



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foundation uses the word ‘empowerment’ 83 times in its annual report, it’s probably not a bad idea for you to use the word ‘empowerment’ in the letter you send to the foundation. What I tell my clients is: What you have to say about your organization doesn’t matter. At all. What the donor *wants to hear* about your organization is what matters.”

The Corporate Connection

While individual donors may be responsible for many of the major gifts, corporate donors are not to be overlooked. The London Business School recently received a gift of nearly \$3 million from Adecco to endow a chair in business and society. “Building an endowment is increasingly seen as fundamental to the future of the school,” says Shelley Nason, director of fund raising. “Major donors, be they individual or corporate, are interested in the long-term investment in the school’s future.”

Corporations are most likely to support a business school when they perceive “an alignment of incentives,” she adds. “They can see, for instance, that it is valuable to them to support pure research where the outcomes influence policy or practice in their industries.”

Corporations also want strong ties to business schools where they plan to recruit heavily, and they know that donations to scholarship funds and prizes raise their profile on campus. At London Business School, corporations that

donate significant amounts of money are linked to stewardship managers within the development office who help them interact with faculty members or arrange student events. “Sometimes, but not always, we can offer them priority recruitment slots as well,” says Nason. “We try to make every opportunity available to our corporate partners to participate meaningfully in the life and work of the school community.”

Corporations also tend to donate to business schools because they realize it’s a two-way street, says Margo of the Olin School. Corporate donations that help fund an executive education center, for instance, give local executives a place to improve their managerial skills and bring fresh insights back to the office. “An executive education program gives companies a tool in their own backyards to help with their executive retention,” says Margo. “The benefits really accrue, and companies understand that.”

The Ties That Bind

Whether the donor is a corporation or an individual, says Margo, “we focus on building long-term relationships that could make a difference in a variety of ways. We look for people or companies who could either open up doors for students in terms of jobs, or who could contribute financially.” The crucial phrase here is *long-term relationship*, since all fund-raisers must work to keep the donor committed to the school on an ongoing basis.

Assuring Success

Planning and careful organization are the keys to a successful fund-raising campaign, notes Don Gray, who recently oversaw a \$7 million fund-raising effort for the Fluno Center for Executive Education at the University of Wisconsin-Madison. “All major projects require that the dean and foundation approve,” he says. “Our development directors are not supposed to work on these projects unless they are officially approved as a priority by the dean, and there is a sufficient pool of potential major givers to assure success. We don’t announce the project until we are fairly certain it will come to fruition.”

Even so, if stakeholders don’t understand why the project is important, it might face an uphill battle, says Gray. “You need to make certain the case for support fits well into the mission, vision, and values of the institution, and that there is a reasonable expectation of success.”

Fund-raising projects still can be hampered by

“unreasonable expectations of campus personnel,” Gray says. “This can be avoided by training deans and department chairs in all aspects of the development process before the drive begins.” Another potential problem is a lack of enough potential major donors to fill out the “gift pyramid.” Gray says, “This situation can be averted by constructing the pyramid and making sure you have ample potential givers, assuming a success rate of one for every three prospects. The department interested in the project must work with us to identify major potential donors and help make these gifts happen.”

“Major projects are successful only if the school identifies and works with major givers,” Gray concludes. “Your officers, your dean, and your faculty must ‘think big’ and become knowledgeable and sophisticated on the processes of major gift development. In essence, those are the keys to success.”

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"It's all about cultivation," says Zimmerman. "The thank-you letter you send with the first gift is the first step in getting the second gift. Here in San Francisco, the people at the San Francisco SPCA are the best fund-raisers in the city. They send out a magazine called *Our Animals* that features pictures of their kittens and puppies. They invite people to come to their events. Sometimes they ask for money, and sometimes they don't. But they make you feel as if you're part of their family. Well, that's what fund raising is about."

Thank-you notes and publications about the college are two ways to remind donors of a school's existence. But to create deep, long-lasting relationships between the business school and the benefactors, business school fund-raising professionals must make donors feel as if they are truly a part of the life of the school.

"You have to connect them with the school in meaningful ways," says Margo. "You can't just develop relationships by going out to lunch." At the Olin School, some of those relationships are developed by asking donors to participate in strategic planning committees. Donors who give a thousand dollars or more are invited to attend special events such as seminars and receptions held around the country. The school also plans a luncheon for these donors so that dean Stuart Greenbaum can share his vision and personally interact with these friends of the university.

"We look for ways to get our dean in front of prospective donors, because he's very involved in that," says Margo. "We give him a forum where he can explain his vision of the school and have direct communication with the donors."

Other relationships are developed in more unusual ways. "A great way to connect with people is by borrowing something from them—a corporate jet, for instance," says Margo. "Or we borrow their houses to hold a reception. At the end of the event, they feel closer to the institution."

Both the Olin School and the London Business School strive to make connections between benefactors who donate scholarship money and the students who receive the money. London Business School sponsors a reception where the donors and the students can interact; Olin has a dinner that brings scholars and supporters together. At Washington University, the program has been in effect so long that alumni who received such scholarships as students now are beginning to come back as sponsors.

"We always make them the dinner speakers that night," Margo says. "It's a very successful and heartwarming program that makes those emotional connections with donors. It helps build a bridge between donors and the school so they feel as if they're on the inside of the school."

Special Projects

While schools of business are always involved in fund-raising efforts to cover capital expenses, often they find themselves planning a capital campaign for a new building or new initiative. In that case, one of the challenges is making sure they don't steal money from ongoing efforts to fund the new campaign.

The difference between the two efforts is primarily a matter of gift level, says Gray of the University of Wisconsin Foundation. "Nearly all major projects concentrate on a few potential major givers who are already deeply committed and with whom we've been working for years. For the annual,

Class Act

One way to accustom alumni to the idea of gift-giving is to start them thinking about the idea while they're still in school. In 1983, Washington University's Olin School of Business started the practice of pledge campaigns for graduating classes, and it has successfully continued the program ever since. Last May, 100 percent of the EMBA's, 73 percent of the MBA's, and 34 percent of the BSBA's pledged gifts to the school for a total of about \$200,000. Faculty and staff advisors identify student leaders a year before graduation and ask them to organize a pledge committee for their class.

"It gives us an opportunity to educate them that each alumni generation helps the next class. Many of them realize that if they give back, the value of their degrees will continue to go up as the school continues to get better. That's how we get them started, and then giving becomes a habit," says the school's Karen Margo.

A similar class gift program has been in place for five years at the London Business School. "It makes sense to us that we take advantage of the fact that we have this very warm, involved group that is still a part of the campus community," says Shelley Nason. "A class gift gives them an opportunity to make an early investment in the school."

At LBS, the class gift generally goes to support a specific gift for the school, although last year's gift went directly to building the endowment. "The class gift committee works with senior staff and faculty to come up with a gift opportunity that will be inspiring to the majority of students and serve the needs of the institution," says Nason. The committee chooses three



potential projects, and the graduating students—the full-time MBAs, the part-time EMBA's, the students in one-year programs, and the masters in finance—all get a chance to cast their votes. "It becomes quite competitive. The students look back to what was given the year before and try to find something that's bigger and better. They might try to find a project for which they can get matching funds. It's a project they find fun and challenging, and it opens lots of opportunities for connections with each other," says Nason.

In addition, the LBS development office plans reunion fund-raising efforts every year, approaching graduates in their fifth, tenth, 20th, or 25th year out of school. "We usually can manage about four reunion projects a year," says Nason. "As with the class gift project, we encourage donors to make a special commitment."

ongoing support we rely on large numbers of annual gifts with the occasional larger gift of between \$25,000 to \$50,000. Most of the gifts that make up our continuing support come from gifts of \$5,000 or less."

While the annual budget gets spent every year, and thus has to be re-raised every year, ongoing programs and regular donors usually can be counted on to provide those funds. It's the special projects that require more careful handling. "Whenever we make asks for a special campaign, we have a double ask; and we make sure part of that includes asking the donor to continue or step up his annual gift," says Margo. "We have tried to educate donors about the value and power of an unrestricted gift and what it can do for a dean now, this year. And then we say, 'In addition, will you also consider a gift to create an endowment or build this facility?'"

"My feeling about special campaigns is that, in the short run, they will rob money from the operating expenses, but in the long run, they'll help," says Zimmerman. "Special projects can be very sexy. They can bring in people who haven't given before. Once these people give to a special project or have a plaque put up on the wall with their names on it, you can include them in the regular pool of donors and start soliciting them on a regular basis. You might lose something in the short run, but ultimately the one hand washes the other."

Like Margo, Zimmerman advocates asking for a special contribution on top of the annual donation. "Look at environmental organizations that have memberships," he says. "They will ask their members to renew their memberships. However, during the year, they will also send out announcements about special projects they're initiating. All kinds of nonprofits, including colleges, are paranoid about going after the donors too often, but that's one thing I don't worry about. It's not a question of how often you go after donors. It's a question of whether you're cultivating them in other ways to make them feel they're part of the family. If you're doing that, then there's nothing wrong with approaching them a few different ways a few different times a year. Keep in mind that 90 percent of the money comes from ten percent of the donors."

Yet, even that ten percent will age or fall away as the years pass. It's important always to keep potential new donors in the pipeline, notes Margo—recent graduates without much spare money may become major benefactors in the future as their circumstances improve. Colleges must always be aware of these alumni, as well as other friends of the university who are passionately committed to schools of business—and willing to donate money to help them thrive. ■