

## **Identifying the roles of university fundraisers in securing transformational gifts: Lessons from Canada.**

### **Abstract:**

As university public funding diminishes so the need for private funding increases commensurately. We investigate how a purposive sample of 16 professional university fundraisers in Canada successfully secured large (>\$5m CAD) transformation donations from high-net-worth Canadian philanthropists. Using an inductive process, we articulate three key roles (the 3Ns – Networker, Negotiator and Knowledge-broker) professional fundraisers use for securing transformational gifts. Collectively, these roles indicate the relational nature of transformational giving; gifts arise from a co-created dyadic process of fundraiser-philanthropist interaction. The recommendations have major implications for how university development teams are developed, structured, trained and rewarded. We suggest further research investigates how trust develops between fundraisers and transformational gift-givers, and the motivations for transformational giving.

**Keywords:** Philanthropy, University, co-creation, fundraising, principal gifts

## **Introduction**

Fundraising has become very important for Higher Education Institutions (HEIs) globally, and “core to the plans of ambitious universities” (HEFCE 2014, 10), especially given diminishing support from national governments. Yet, outside of North America, the practice is weakly developed. While the tradition of giving to universities is better established amongst alumni and philanthropists in North America, particularly in the USA (for example, David Booth’s \$300m donation to the Graduate School of Business, University of Chicago [Einhorn 2008]), it is less well developed in Europe (EU 2011). In the UK, substantial donations still generate national press coverage, positively, e.g. Moritz’s £75m donation to Oxford University to support undergraduates from poor families (Cooper 2012), and negatively, e.g. the £1.5m gift to the London School of Economics from the family of Muammar Gaddafi which resulted in the development of a new ethics code for acceptance of donations (Cook 2011). Nevertheless, Caboni (2010) draws attention to the deficit in the skills and knowledge base required to be effective in fundraising. Contextual differences notwithstanding, much can be learned from the N. American experience (Department of Education and Skills 2004). Following this suggestion, the purpose of this paper is to illuminate this increasingly important activity for HEIs thereby helping “to develop the body of research that will inform our understanding of what makes effective fundraising practice” (HEFCE 2014, 6). Specifically, we elucidate the roles of the principal-gift fundraiser, defined as an employee tasked with securing major gifts at the transformational level (normally in excess of \$1m), drawing out lessons from the experience of fundraisers in Canadian HEIs that may be converted into appropriate training for those in similar fundraising roles in the UK and elsewhere.

The paper’s central premise is that fundraising is a marketing activity and that two key fundraising activities (the annual telephone campaign and philanthropic ‘transformational gift’ donations) represent either end of a continuum of involvement of the alumnus or donor in the fundraising activity (Pérez-Esparrells and Torre 2012). Telephone campaigns represent little involvement, while the soliciting of major gifts from high-net-worth individuals represents significant and prolonged engagement.

This paper focuses on how transformational gifts are secured from high-net-worth individuals since they offer the greatest opportunity for realising the more significant goals of a university. Despite the significance of their potential impact, how such gifts are secured is

poorly understood, because such gifts are uncommon, so there is limited opportunity for investigation, and donors often wish for privacy. Privacy is crucial to the donor because it involves their personal finances, and to the institution for fear of damaging the relationship and losing the gift.

Having privileged access to a large proportion of Canadian fundraisers who have personally secured transformational donations exceeding \$5m CAD, we reveal the actions of these principal-gift fundraisers through semi-structured interviews using the ‘life-story’ approach. These allowed us to identify three key roles (Networker, Negotiator and Knowledge-broker) played by these principal-gift fundraisers. We discuss the implications of these findings for the principal-gift fundraiser, senior members of the university and for the HEI.

The rest of the paper is structured as follows. A literature review considers the characteristics of relational approaches to charity fundraising and then how direct marketing and philanthropic giving contribute to fundraising in universities, particularly in the UK. The methods are described in the next section and the findings follow. The discussion begins by considering two themes central to the co-creation construct (value creation and service experience). The implications of these findings are considered, before limitations and opportunities for future research are discussed.

## **Literature review**

### ***From relational to co-creational fundraising in university giving***

A relational approach to charity fundraising is increasingly recognised as legitimate. For example, Macmillan et al. (2003) suggest not-for profits should devise strategies to develop non-material benefits for donors. These include greater involvement in a university’s activities, demonstrating the organization’s achievements as a consequence of donation, or offering greater operational transparency; generating commitment. Sargeant and Lee (2004) highlight the importance of generating commitment from donors, suggesting that generating trust alone is insufficient. Building increasing levels of commitment in donors becomes paramount. Many charities have recognised this and graduate donors from infrequent to frequent givers, to higher value giving, to legacy giving and so on. Gallo (2013) identified four stages in the involvement of alumni with their university. To improve donor (or alumni) commitment, universities need to find ways to deepen the bonds that exist between them and

their university. Although needful, many charities - including universities - fail to develop these (Sargeant 2001).

Customer focus is central to market orientation (Kohli and Jaworski 1990), and not-for profit organizations can improve their performance by being market oriented (Bennett 2005), giving rise to donor customization and gift co-creation. Customization involves the donor selecting service options from a pre-determined set offered by the organization (Simonson 2005). While the donor's individual preferences are met through their selection of a set gift product (e.g. naming rights on a building) or service characteristics (e.g. giving to annual campaigns), the donor is neither actively involved in defining these choices nor how their money is used. No gift co-creation occurs in this type of giving and university-donor commitment is not increased substantially.

Greater value creation through transformational gift giving is generated when the customer participates actively in creating the donor experience (Izquierdo et al. 2005). Here, the market shifts from being a 'target' to a 'forum'. In the target market, firm and consumer are distinct entities with pre-determined roles; while in the forum, market roles are indeterminate, often converging as the production and consumption experiences are negotiated (Prahalad and Ramaswamy 2004b). Lusch and Vargo (2006) echo this view by contrasting the traditional goods-centred dominant logic with service-centred dominant logic, in which the co-created service experience provides consumer value. High quality interactions enable individuals to co-create unique experiences with the company generating value for both individual and firm (Prahalad and Ramaswamy 2004a). We suggest this may characterize philanthropic giving and the interactions enabled by the fundraiser between the high-net-worth donor and the university. It is one way to strengthen the bond between the donor and university and increase donor commitment, sometimes substantially.

### ***Fundraising in UK HEIs***

#### *Direct marketing and university fundraising*

Core grant funding to English universities from UK Government fell from 40% to 30% of total income between 2000-01 and 2011-12 (UUK 2013, 56). Since then government funding for universities in England has declined steadily from £5.3b in 2012-13 (HEFCE 2012b) to

£3.9b in 2015-16 (HEFCE 2015) raising the importance of the university fundraising function.

In the UK, universities operate in a quasi-commercial environment (Brookes 2003) receiving finances from government for research and to a decreasing extent teaching, from tuition fees increasingly and from donations from individuals (including alumni), businesses and trusts. This pattern is replicated in Europe (Stachowiak-Kudła and Kudła 2015). Most universities work on the principle that a donor's loyalty increases with time and they shift from being non-supporters to infrequent donors. Infrequent donors then become more regular donors; a proportion of these subsequently give major gifts and finally some leave legacies to the university. To solicit from donors effectively, it is necessary to understand their reasons for giving. From the literature, donors give money to charities for various psychological and sociological reasons (Kotler and Andreasen 1996). Successfully soliciting donations tends to be more productive when the people being solicited have some university connection. Having given to the campaign, the donor psychologically commits him or herself to the university, making it easier to follow-up with other requests. Schervish (1997) talks of donors being socialised through 'communities of participation'. Fundraisers therefore need to build networks of individuals committed to giving to the university and who can encourage others to donate.

Cash gifts from alumni (mainly undergraduates) are typically the largest source of giving from individuals (NatCen 2015) and most university fundraising research focuses on alumni giving rather than philanthropic giving (Lindahl and Conley 2002). Universities have traditionally used direct mail and telephone campaigns staffed by student volunteers in their 'campus calling' fund-raising efforts, although this is evolving rapidly to digital, mobile and on-line prompting through different social media. While direct marketing is important for securing income in this way, marketing communications in universities are considered by some to be poor (Sands and Smith 2000). They argue that resources and assets from different university departments such as development, alumni relations, communications, and admissions are seldom integrated, synergistically reinforcing the institution's image in key areas.

*Philanthropic giving to UK universities*

Historically, philanthropy has played an important part in the establishment and growth of UK HEIs. Before the Second World War, approximately one third of university income came from endowment income or private support (Department for Education and Skills [DfES] 2004). Circumstances in the period that followed changed and UK universities placed greater reliance on government for financial support. However, the UK government White Paper, “The Future of Higher Education” (DfES 2003) tasked UK HEIs with greater responsibility for their financial future. Specifically they were encouraged to seek voluntary gifts from others actively, notably alumni, and to build endowments so supporting projects and activities that advance the excellence of the university (DfES 2004). A decade later this imperative to raise additional funds has increased (HEFCE 2012a).

The Thomas Report (DfES 2004) recommends that the UK government should establish a matched-funding scheme whereby Government contributes financially to a university in proportion to its success in fundraising up to an agreed limit (HEFCE 2008). Such a scheme was established in 2008 and ran until 2011, when the coalition government ended the scheme following changes to Higher Education policy (Department for Business Innovation and Skills 2011). The scheme helped to increase annual fundraising from £513m in 2006-07 to £694m in 2011 (Sutton Trust 2014). More institutions were receiving more money from more donors (HEFCE 2012a).

In 2001-02, the majority of UK HEIs had endowments valued at less than £10m (DfES 2004), and a survey of fundraising activities of 17 universities showed annual fundraising ranged from £29k to £69m, averaging £6m. This continued into 2011-12 with secured new funds to the sector reaching a value of £774m, and the number of alumni making donations also increasing (NatCen 2013). Although new funds to the sector fell to £681m in 2012-13 (NatCen 2014) it recovered in 2013-14 rising to a record £807m secured by UK HEIs, with 55 institutions raising £1m or more in new funds secured and cash income received, from more than 250,000 donors (NatCen 2015).

Echoing the Thomas Report (DfES 2004), the Pearce Review (HEFCE 2012a) maintains that UK universities have great potential to raise considerable sums (up to £2bn) annually through philanthropy. Such large potential has been reported also for universities in Europe (EU 2011), where universities must also take responsibility for long-term financial sustainability. Nevertheless, levels of formal fundraising activity are lower in these countries than in the UK (EU 2011), contrasting with N. America, particularly the US. Eighty-five of the wealthiest

100 universities in the world are found in the US, with three in Canada and two each in UK, Australia, Japan and Saudi Arabia (The Best Schools 2016). The average endowment of Top-500 US universities was £418m in 2012, an increase of 24% from £337m in 2002 (Sutton Trust 2014). While Oxford and Cambridge universities have endowments exceeding £1bn, the third largest endowment fund of a UK university (Edinburgh) was only £238m, placing it 182<sup>nd</sup> on a US league table (Sutton Trust 2014). Although the Thomas Report (DfES 2004, 22) suggests that “plenty of useful lessons can be learned [about fundraising]” from North American universities, the experiences of Canadian rather than US HEIs may be more similar and therefore more accessible to universities in the UK and Europe seeking to develop and improve their fundraising capabilities. Significantly, a comparison of funding sources for the UK and Canadian university sector in 2012/13 shows that in Canada, despite Federal and non-Federal income exceeding 50% of total revenue, investment income (including endowments) constituted 4.7% (\$1.56bn CAD) of total revenue and donations constituted a further 3.6% (\$1.2bn CAD) (Statistics Canada 2015). In the UK, endowment and investment income was only 1% (£0.3bn) of the total revenue and donations were entirely absent even though income from government funding bodies was less than 25% (HESA 2014). An examination of the Canadian experience may provide important lessons for other systems, including the UK.

### **Method: Approach and Sample**

This study focussed on the role of the professional or principal-gift fundraiser in securing donations of more than \$5m CAD to post-secondary educational institutions in Canada. The population of these donors in Canada is small, and so commensurately is the population of professional fundraisers who engage with them to secure these gifts. Consequently, an initial purposive sample (Singleton and Straits 2005) of major university fundraisers was recruited, supplemented using snowball sampling (Atkinson and Flint 2001; Biernacki and Waldorf 1981) to secure a final sample of 16 (see Table 1). In this respect we were fortunate, one author was an experienced senior development executive for fundraising in a Canadian university with well-established relationships with several high-net-worth donors. This facilitated access to other fundraisers using the ‘snowball’ sampling approach to provide a unique and highly valuable data-set for examining the role and activities of principal-gift fundraisers.

In-depth, semi-structured interviews were conducted by telephone in early 2010 with each of the informants. Each interview adopted a ‘life-story’ approach, engaging the informant in story-telling about their experiences of securing transformational gifts from several philanthropists for a number of HEIs (Bertaux and Kohli 1984; Tedlock 2000). This surfaced the approach they took to secure gifts, the nature and purpose of gifts, the circumstances surrounding donations and the expectations of the donors. Interviews lasted from 37 minutes to more than one hour, with an average of 54 minutes (Table 1). Each interview was transcribed verbatim, then read and inductively coded twice to ensure a thorough review and consistency. Coding occurred iteratively as new interviews were analysed to reach a final coding structure that identified the roles of the fundraiser in securing transformational gifts.

To protect the privacy and identity of the fundraisers, demographic details are deliberately imprecise and generalised (Table 1). Pseudonyms are used to maintain the personal nature of the phenomenon under investigation. Each individual had held several different positions during their career as a principal-gift fundraiser. Their most common title is given in Table 1. These individuals are hired by different universities either directly or from consultancies or foundations solely to run ‘capital’ or ‘comprehensive’ campaigns leading teams over a prolonged period to achieve a specified financial goal. Variation in accounting standards between institutions makes it difficult to calculate precisely the total funds raised by these campaigns. An approximate total figure is given (Table 1) reflecting involvement in multiple campaigns with multiple institutions with multiple donors. Personally brokered gifts of >\$5m CAD constitute a proportion of this sum.

INSERT TABLE 1 NEAR HERE

## **Findings**

Principal-gift fundraisers played three key roles in securing a transformational gift: acting as a networker, a negotiator and a knowledge-broker (Table 2). Importantly fundraisers needed to play all three roles concurrently if they were to be successful in securing the transformational gift. If any role was not played, then it is unlikely that a major gift would be secured.



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### ***Networker***

Jefferson recounted that he had

*never asked for a gift in [his] life and [he was] not in the fundraising business ... .This is all about deep, personal relationships, and in finding the intersection between people's personal values, people's personal interest, what they want to do, and what your institution is all about.*

The importance of building trusted relationships over time was clear. Drake observed

*how philanthropy at this level isn't simply transactional but it's relational. It's based upon a relationship, and the cultivation process for a major gift takes a fair amount of time, and it's during that relationship-building phase, during the period when trust is built, and trust is the key word here in my opinion that the equivalent of co-creation really occurs.*

In some cases trust becomes deeply personal transcending the relationship to the organization. Thomas remembered, 'one big benefactor in China who looked across the table at me and he said, "You know, I now trust you so I'm ready to give"'.

In building relationships with donors, fundraisers were cognisant of the three stages of wealth management during the donor's lifetime: 1) creation, 2) preservation and 3) dissemination. Once donors feel secure in their creation of wealth, and have a financial plan or strategy to preserve that wealth, they begin to feel comfortable with the thought of disseminating some of it. This impacts on other family members, especially the next generation. It was important for the fundraiser to engage with other family members in the philanthropic decision-making process. Reflecting on this dynamic, Thomas commented that

*one of the big changes I've seen over my two decades of fundraising: that spouses are playing a much more significant role in the philanthropy, and that, you may have the relationship with one person but the decision is now being made by two, and in some cases, it's where major donors are now also starting to engage the next generation in the decision making.*

Another fundraiser discussing the case of an unmarried, childless donor, considered the relationship with the donor's brother paramount; the brother ended up being equally as generous as the initial donor.

Relationship building extends beyond the donor and their family. Donors often have advisers or other staffers. Professional fundraisers need to engage positively with these 'gatekeepers' who might otherwise create objections to 'the close of the gift', negatively influencing the donor's decision. Newman noted that these personal advisers

*are people who have spent their entire lives helping to build the net worth of that individual. So they're big on capital accumulation. They're really bad at capital distribution because it's not in their interest to do so. So they tend to be obstacles in the process.*

Such potentially hostile relationships need to be carefully and sensitively managed.

In addition to building relationships externally, fundraisers need to develop strong relationships with leaders internally. Their purpose is to encourage these leaders to take a longer-term view of fundraising, including financial investment in a fund-development, required to build these relationships, and second to educate them in the benefits of this long-term approach to pursuing transformational donations. For example, Robertson commented that

*one of the threats that we always have to deal with is convincing our colleagues at budget time that this stuff needs to be done because every example you point to is an example of a long-term investment that doesn't realize a return until sometime down the road.*

Or Newman's observation that,

*the distance between the beginning of the conversation and the actual realization of the gift is a twisted and lengthy journey that varies considerably from donor to donor. In my experience, those journeys are five to seven years in the making in terms of the overall relationship, while the focus on a transformational kind of gift is really the last two or three years of that.*

Fundraisers should be able to build trusted, enduring relationships with many of the key stakeholders who surround the donor. They should also build relationships at many levels

within their own organization, to educate their co-workers and manage expectations of what the donor might require from the organization (Table 2).

### *Negotiator*

In building the relationship with the donor, the fundraiser seeks to understand donor interests and intentions; what they wish to achieve with their philanthropy. The informants suggested that donors were interested in three things:

1. Transformational change: Respondents from our sample suggested that donors tended to be focused on effecting transformational change on the organization through the impact of their gift, so that they *'shape the destiny of an institution and ... change the direction of the institution and ... add meaning to that particular cause'* (Patterson). The size of the donation was subordinated to this intent. A small gift in some contexts may be more transformational than a much larger gift in other settings. Transformational donors were reported to seek to fund aggressive, visionary goals, not just important ones, or those that maintained the status quo:

*Well, I [Newman] see the transformational donor as someone who's prepared to make a gift that's big enough to fundamentally change the direction or focus of a program or service of a major charity. Though it's not about supporting the status quo, it's about actually shifting the game in terms of the way charities behave.*

However, it is important to note that these *'acts of genuine transformational philanthropy are not common. They're not every day occurrences'* (Drake). The intention of the donor was to take the organization *'into another league'* (Lester), changing both the internal and external perceptions of the institution.

2. Societal impact: Second, our respondents suggested donors were interested in changing society through the organization, so that the transformational changes would be felt in the community beyond the organization. In one example, a donor established a medical research centre, where patients suffering from particular diseases would be cured. Another donor endowed a department to improve students' education so that the economic well-being of the country might be enhanced and *'Canada could compete on the world stage'* (Kerry). These donations, through

associated media and marketing campaigns, often leveraged other community donations, causing a ‘ripple effect’ for the cause.

3. Personal legacy: Third, our respondents indicated that donors were focussed on self-actualization and creating a personal legacy. For many donors, *‘this may be the most important thing [they do] in their life, other than have a family’* (Newman). For others, transformational giving was about *‘creating leadership through legacy’* (Doons). And for others it was about pursuing the fulfilment of personal dreams: *‘there’s some donors who just want to transform things, and they shop around looking for a place who can fulfil their dreams’* (Preston).

In seeking to realise the strategic vision of these transformational donors the fundraiser also has to negotiate with their own organization, moving them from a short-term transactional approach focused on a singular opportunity for monetary gain to a long-term strategic focus, aimed at achieving a larger more significant financial investment. Thomas explained:

*You’re gonna have to take a longer-term view of major giving if it’s such a transactional place, it’s about how much money you bring through the door in a given year, as opposed to thinking about, okay, what’s our longer-term horizon in terms of what the institution needs and what we can raise.*

This requires a fundamental change and the leaders in some organizations may be unwilling to make that change, potentially killing the philanthropy. Through *“bureaucratic arrogance”* (Newman) they are unwilling to innovate believing that they know how the money should be spent, rather than being genuinely interested in affecting change. One of the roles of the fundraiser is to develop a *‘change-friendly’* organizational culture, where the organization is ready to move beyond the status quo and, in the absence of financial constraints, to conceive of what is possible. Stephenson noted:

*transformational [giving] allows an organization to move far more closely to its vision and even perhaps helps to create a new vision that they may not have thought possible or thought was so far out in the future that it was unlikely... A transformational gift really allows an organization to lift its head up and say, “Boy, you know, this is now possible when we didn’t think it was, it was possible and in fact it creates new opportunities and possibilities for us”.*

Working with both the donor and their own organization the fundraiser aims to stimulate a dialogue so that value is both created and exchanged between parties. The donor's desire to make a significant step-change away from the status quo to something profoundly different – something transformational for the organization.

Fundraisers need to be mindful of the donor's goals and their wealth and must encourage the organization to adapt to meet the donor's aspirations providing a bespoke programme of activities and assets. This requires the organization to establish a long-term strategic focus, setting a clear and aspirational vision – no easy task (Table 2).

### ***Knowledge-broker***

Fundraisers were required to be sufficiently knowledgeable about tax-efficient gift planning strategies to understand how high-net-worth individuals manage their assets. While not a significant motivator to giving donors want to give tax-efficiently and maximise their gift's value to the organization. Fundraisers are either prohibited from advising donors on these matters (as in Canada), or insufficiently financially or legally competent to be able to do so. Nevertheless, they should understand asset management sufficiently well to suggest strategies for the donor to discuss with their independent financial advisors (IFAs). Further, without this understanding, the fundraiser may not comprehend fully the extent of the prospective donor's wealth, underestimating their capacity to make a transformational donation. In addition, every fundraiser initiated research on a prospective donor's wealth and capacity to give, tracking indicators of imminent financial 'triggering events', such as possible financial windfalls arising from successful investments, inheritance or sales of businesses. This was considered to be a long-term process that built meaningful relationships with those donors capable of transformational donations. Thomas commented:

*...the diligence and the rigour that you need in being able to track a person's relationship with your organization over time; just a basic thing....Well, if you believe in the value of relationship as it equates to philanthropy, if you're not keeping a record of how that relationship with the donor evolves over time and going back and analysing the history and analysing the motivations and the actions that go along with it, then you really aren't, you don't have a good concept of what major and transformational giving*

*can be, and you're not learning from what you've been able to do with that particular donor over a period of time.*

However, fundraisers were also cautious not to rely too heavily on a few well-known donors, but rather to continuously refresh the donor pool through tactical fundraising work, even if this resulted in a relatively low return on investment in the short term. Deacon stated:

*at that point, according to the tenor of the time, he was very generous, but ... it took the university 15 years, which is short in some ways, to get \$250,000 to name the building. That's all...That's it – since though received ... a couple million .... Another million or two. But that's a 25-year strategy to get up to less than five million.*

Fundraisers need to gather and analyse data relating to potential donors' wealth, to have competence in wealth management, be able to advise how best to structure the gift in terms of financial liquidity events, tax liability and wealth planning, and to develop long-term strategies and plans for securing large donations (Table 2).

## **Discussion**

### ***Co-creating philanthropic gifts through value creation and service experience***

Principal-gift fundraisers must play three roles (Networker, Negotiator and Knowledge-Broker). Collectively, these roles emphasize the relational nature of fundraising, especially amongst high-net-worth individuals who seek to co-create value through their engagement with the university. Two themes are significant to the co-creation construct; value creation and service experience (Prahalad and Ramaswamy 2004a; Payne, et al. 2008), and both were evident in fundraisers' responses in this study.

Fundraisers worked with donors to create meaningful value both for the donor and the organization, and this remained paramount to successful relationship-building. Many donors enjoyed engaging with the leadership of the organization in co-creating the philanthropic vision for their gift. Facilitation of the vision co-creation with the donor and the university was reported to be vital to negotiating long-term transformational-level investments. Typically, donors focused on innovation and achieving societal change, and therefore on engaging with organizations envisioning this type of change, for the benefit of multiple parties. In other words, fundraisers reported that donors co-created value not only with the

organization, but also for, and with, the surrounding communities or select relationships within those communities, sometimes by leveraging additional funds from others. This co-created multi-party value creating experience deepened the relationship between the organization and donor, as they enjoyed not only defining the impact of their philanthropy but also seeing their investment have an impact within and outside the organization they supported, often extending value into the surrounding communities of interest (Burkhardt 2007). It was with the transformational-level financial support that donors were able to exact this type of co-created value.

Data from the professional fundraisers noted that donors wished to be engaged in a meaningful dialogue and idea development with the organization and its senior representatives. These relationships and opportunities to exchange competencies were essential to the positive service experience of the donor, who wanted to explore the potential impact of their investments prior to making the transformational donation. This on-going interaction became an essential part of the co-created service experience, and ensured strategic and even visionary value creation through the longer-term commitments and consequent donations over a longer period, resulting in larger donations overall. It was the service relationship experience plus the value creation (impact) culminating from the transformational donation that resulted in the total co-created value of the philanthropic experience.

### ***Implications for managing fundraising in HEIs***

Our findings have a number of implications for fundraisers, for those more widely connected to the activity of fundraising and for the university itself (Table 3).

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While acknowledging the variety of types of fundraiser expertise required, these findings identify a set of capabilities that enable individuals to compete successfully for high-net-worth donors and their potential to give transformational gifts. These capabilities differ fundamentally from those required in mass campaigns for smaller alumni donations. Where traditional fundraising focuses on the use of technology and communication to identify those with the highest propensity to donate from a large population, principal-gift fundraising secures very large gifts only after several years of relationship-building. Fundraisers of

transformational gifts must integrate networking skills with negotiation skills and with knowledge-broker skills. A vital complementary competence for fundraisers to secure substantial gifts successfully is the ability to develop trusting and authentic relationships with donors and their wider circle of contacts. Interviewees spoke of honesty, reliability and trustworthiness and above all transparency as important character traits permitting the development of such relationships. These were considered to be normative behaviours for fundraisers (Caboni 2010). Furthermore, principal-gift fundraisers should understand the research activities of the University sufficiently well to engage the right groups within the University to co-create the experience. Naturally, no single individual will have a grasp of research across a whole University, but the fundraiser must be able to identify the individuals to involve when starting to co-create solutions. Aside from the obvious need to find and reward people with such complex capabilities (HEFCE 2014), the university needs senior members who understand what is needed to secure philanthropic gifts and organisational capabilities to support them lest the efforts of the fundraiser are frustrated.

Fundraising at a transformational level is a long-term activity. Pressure to achieve fundraising targets militates against this longer-term perspective. Desirous of transacting a large deal, those involved in fundraising may miss the larger deal potentially available and won by displaying greater patience and commitment to building trust. Nevertheless, donors may also test a university's commitment to the donor's goals with smaller gifts before giving a transformative gift. The uncertainty of the timing associated with this process means that it must complement the more commonly executed 'mass-style' transactional fundraising campaigns. Multi-million dollar gifts require significant relationship-building with the donor, and this takes time. Consequently, principal-gift fundraisers need to be given time to develop these relationships unencumbered by significant management responsibility, perhaps for large teams engaged in other fundraising activities. Furthermore, they need direct access to senior figures within the university, notably vice-chancellors, pro-vice chancellors and deans, so that they can share information quickly, call meetings between senior figures and the donor, and negotiate appropriately on behalf of the university. It also suggests that organizations need to pay particular attention to their wealthier alumni, monitoring their wealth accumulation and cultivating multiple trust-building relationships, rather than relying on a few known donors and the 'usual suspects' from a major newspaper's wealth list.

Universities need to display several critical capabilities. The most critical of these is the flexibility to configure university assets (including skills) towards outcomes that are co-



created in conjunction with the philanthropist. Moving beyond naming a building or a chair in one's name, the world's wealthiest individuals wish to leave a legacy in terms of a transformational outcome, for example improving life chances of individuals through scholarships or tackling big issues in society (HEFCE 2014). To achieve substantial goals philanthropists realise the need for aligning their intent with the resources of a network of (often global) organisations collaborating together and led by a university with knowledge relevant for solving the problems. University structures and governance are often not aligned naturally to this sort of fluid structure, continually reconfiguring assets and academic posts in response to emergent possibilities. A second capability is that organizations need to establish clear goals to which a donor may contribute. These goals should be aggressive and visionary, not simply maintaining the status quo. However, clearly stated goals should not be confused with inflexibility. Often donors were looking to contribute meaningfully to this vision (i.e. co-creating the vision) and were looking for adaptability and change-friendly organizations. There is a need for HEIs to stay focused on the outcome or impact of the gift, not the transaction. This requires them to act as a conduit for stimulating impact on wider society, servicing the 'public good' not simply their own advancement. A third critical capability is the institutional acceptance of the leadership (and therefore influence) of a fundraiser, usually a non-academic, upon university research agendas. Transformational gifts are normally far larger than any number of Government research grants and successfully securing them demands a commensurate level of authority. Research activities are jealously guarded by research-active academics, most of whom have invested their entire working lives behind a specific agenda. In co-creating a programme of activities with a wide range of stakeholders, the fundraiser must be able to influence the direction of university research and related assets. Merely 'front-ending' existing research agendas will not work. Transformational gift-giving is not about resourcing academics to do what they wish; it is about creating a new ambitious, relevant or innovative research agenda with specific outcomes aimed at improving society in some way. Naturally, where the direction of the new activities is not supported by the university's researchers, it is unlikely to succeed. However, the findings identify that an area of overlap should be found between the existing research capabilities/directions and those needed to achieve the donor's aims. To catalyse the development of this space and to secure a major donation, the fundraiser should have authority and influence.

These implications are predicated on the existence of a professionalised fundraising activity combining the expertise of development, alumni relations and marketing and

communications offices (HEFCE 2014). This is not always the case, even in the US (Caboni, 2010, 340) where “the fundraising profession lacks a substantial knowledge base from which to derive professional status”. Recent UK data suggest that more than 60% of HEIs have emergent or fragile fundraising activities, and less than 20% have established programmes of activity (NatCen 2015). Clearly there is significant infrastructure building and capability development to be done nationally before some of these implications can be capitalised upon.

### ***Limitations and further research***

#### *Limitations*

Our work is limited in that the research was undertaken in the Canadian higher education context and only a sample of fundraisers was selected from within the whole universe of Canadian university fundraisers. Our findings cannot be directly extrapolated across all higher education markets, especially given differences in tax law, business culture, levels of wealth, and traditions of giving. Nevertheless, we believe that the findings from this study are likely to be applicable to other higher education markets in the Anglosphere. Regardless, they will contribute importantly to an under-researched area (HEFCE 2014; Caboni 2010).

#### *Further research*

Transformational philanthropy, by definition, may impact on many but will be exercised by the few. Conducting similar studies in the US, where giving to universities is better established, and in Western Europe, where it is much less common, and comparing these data with those presented here would help to distinguish between generic actions of fundraisers and those stimulated by this particular Canadian context. However, fundraisers of these significant sums tend to be secretive or unobtrusive, in part to protect their clients and so gaining access and establishing trust is problematic. Alternatively, by taking an action research approach it would be possible to develop the skills of current principal-gift fundraisers along the lines suggested here, evaluate their success over time and adjust the characterization of the key roles and activities in the light of experiences.

There is evidence to suggest that the donors in this study also gave to other organizations, not just universities. How far the fundraisers’ actions in other organizations compare to those from the universities in this study is not known, and merits further investigation. However,

the desire of the donor to make societal change, suggests that successful fundraisers in other sectors will also need many of the skills noted here, for example an ability to create 'change ready' organizations, an awareness of individual donor wealth and triggering moments, and a clear knowledge of wealth management. The various roles outlined here therefore may be generic and applicable to fundraisers across third-sector organizations.

Two other questions emerge from this study. First, many of the fundraisers were keen to signify that these relationships take years to develop and that more substantial donations are made in the later years as trust develops between the donor and the organization (or more specifically the fundraiser). Further studies could explore such relationship unfolding over time, identifying how inter-personal trust changes from contractual trust to good-will trust (Lewicki et al. 2006) and how this affects engagement with the organization and level of giving. Second, the findings suggest that philanthropists desire to make significant change and achieve visionary goals. What is less clear is what stimuli they are responding to. For example, are they donating to particular causes because of their past experiences? Is the scale of their giving influenced by peer pressure, and if so, how? Another study might explore the influences on donors engaged in transformational philanthropy.

## **Conclusion**

As public funding for universities in many developed countries diminishes, the need for private funding increases commensurately. This highlights the significant part that fundraising has played and will increasingly play in the viability and vitality of universities. However, fundraising as an activity, particularly in universities outside of North America, is poorly understood receiving scant researcher attention. This paper responds to the call for the development of a robust knowledge-base to support the training and development of fundraisers, specifically those capable of securing transformational gifts (HEFCE 2012a)

Here we have taken a marketing perspective to illuminate the conceptualisation of this practice, and followed this by focusing empirically on the roles played by the principal-gift fundraiser in successfully securing transformational donations for universities in Canada, where the practice is better developed than in the UK or the rest of Europe. We conclude that principal-gift fundraisers must play three vital roles concurrently. They must network effectively with the donor and his or her associates and with other senior members of the

university by building durable and trusted relationships. They must negotiate transparently, seeking to understand the wishes of the potential donor and facilitating the alignment of their dreams with the goals and vision of the university. They should broker knowledge wisely, demonstrating a clear grasp of wealth management strategies and practices.

Finally, philanthropic giving at transformational levels is based on the co-creation of value between the donor and the university through the establishment of long-term partnering relationships. These seek to impact not only the university itself, but also more often communities beyond the university, and thereby may restore the faith that universities serve the public good (Burckhardt 2007).

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Table 1: Demographic characteristics of 16 fundraisers from Canadian HEIs.

<b>Pseudonym</b>	<b>Gender</b>	<b>Age range</b>	<b>Years as fundraiser<sup>1</sup></b>	<b>Institution (general location)</b>	<b>Funds secured under their leadership of funding campaigns (&gt;\$m CAD)</b>	<b>Titles held</b>
Dale Jefferson	M	61-65	30	Central	750	Vice-President (VP), Development & External Relations
Garth Thomas	M	51-55	20	Central	750	President & CEO, Foundation
Doug Allen	M	46-50	5	East	25	Assistant Dean, External Relations
Gladys Deacon	F	61-65	10	East	75	VP, External Relations
Trevor Robertson	M	56-60	20	Central	500	VP, External Relations
Mark Patterson	M	51-55	20	Central	300	President & CEO, Foundation
Bruce Chisholm	M	56-60	10	East	50	VP, External Relations
Harriet Lester	F	41-45	15	West	500	Executive Director, Principal Gifts
Gord Kerry	M	41-45	15	Central	500	VP, External Relations
Sandra Mooney	F	61-65	20	Central	250	President & CEO, Consultancy
Ollie Newman	M	51-55	20	Central	750	President & CEO, Foundation
Barry Doons	M	51-55	10	West	500	President & CEO, Consultancy
Barbara Meester	F	51-55	20	Central	250	VP, External Relations
Ronald Stephenson	M	55-60	30	West	250	Executive Director, External Relations
Sherry Preston	F	41-45	20	West	100	Executive Director, Development
Maurice Drake	M	55-60	10	Central	150	VP, Development & External Relations

<sup>1</sup>(rounded to the nearest multiple of 5)

Table 2. Roles of the fundraiser in securing transformational donations.

<b>Role</b>	<b>Key activities</b>
Networker	Build personal trusted relationships with: <ol style="list-style-type: none"> <li>i. Donor</li> <li>ii. Family members and friends</li> <li>iii. Other advisers and colleagues</li> </ol>
	Develop strong relationships with organizational leaders
Negotiator	Develop a change ready organization
	Create visionary goals
	Establish a long-term funding perspective within the organization Understand the purpose and intentions of the donor Maintain focus on impact of donations
Knowledge Broker	Knowledge of wealth management strategies (including tax laws)
	Monitor wealth of current clients
	Refresh pool of potential donors

Table 3. Actor responsibilities for securing transformational donations.

<b>Actor</b>	<b>Desired Characteristics</b>
Fundraiser	Develop authentic trusting relationships
	Display honesty, reliability, trustworthiness and transparency
	Manage significant wealth of others competently
Fundraising activity	Adopt a long-term perspective and resist the “quick win” and the “dash for cash”
	Cultivate multiple relationships
	Monitor wealth accumulation of alumni
	Organize complementary fundraising activities
Organization	Establish clear visionary goals
	Work flexibly with transformational donors to co-create outcomes
	Service the “public good” to secure societal impact