



# Independent School Fundraising



## 2018 Trends

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The philanthropic landscape for the independent school sector has changed substantially over the last five years. From the rise of campaigns focused on endowment to a growing emphasis on data analytics and technology-supported decision-making, the authors explore the sector's top trends while offering actionable steps that organizations can take to realize unprecedented growth in their fundraising operation.

## Introduction

The independent school landscape is in a constant state of evolution, and right now, we're seeing everything from profound changes in curriculum and testing to elevated concerns for student safety, mental health and emotional well-being. Here we address some of the most predominant trends in independent school fundraising and provide a few actionable steps you can take to capitalize on these trends to elevate your fundraising program.

## Elevate Your Development Program

As a firm, Schultz & Williams is working with more schools than ever before, and through our client engagements, we've noticed several trends:

- Today, most schools are engaged in a campaign—whether they're contemplating, planning, executing or concluding one.
- Development staffs are larger, and there is great demand for talented directors, major and planned giving expertise, and consultants.
- Schools have recognized the return on investment (ROI) in hiring competent fundraisers, and as a result, salaries are much higher.
- There is high turnover in development staff as the demand rises. Many schools are willing to seek out talented leaders in the field and have a lower tolerance for under-performing development staff.
- More heads of schools are spending at least 30% of their time on fundraising and as much as 50% of their time during a campaign.
- Boards are recognizing the need to add members with increased wealth capacity as well as expertise.
- And the list goes on...

What all of this boils down to is a greater understanding (particularly by the Board) of the impact that increased investment in fundraising can have on the school. It may sound cliché, but schools are realizing that you get what you pay for. The most successful school development offices are those fully financially supported by the Board and administration.

## NEXT STEPS

- **Benchmark your school's development program** with that of your peers/competitors to strengthen the case for additional investment, if needed.
- **Network with your school development peers** to learn about what has and hasn't worked well for them. Schedule casual meetings with your colleagues individually or take advantage of group gatherings such as ADVIS's lunches for major gift officers or annual fund professionals.
- **Share best practices (from consultants, research, peers, etc.) with your head of school and Board** to acclimate them to the level of investment they need to make in the school's fundraising program (see the post [Strategic Thinking For Independent Schools](#)).

## The Evolving Role of the Head

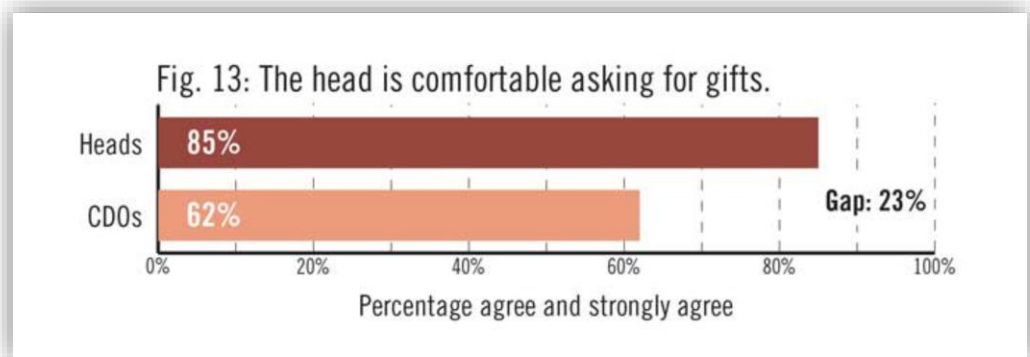
Traditionally, the head of school played a much more significant role in the academic side of the institution, partnering with the principal and leaving the fundraising to the development team. Today, the most robust development programs are supported by heads of school who are more focused on philanthropic relationship building with alumni and parents and articulating the big-picture vision.

The effort is ideally co-led by the head of school and the chief development officer, who must have a strong, trusting relationship founded on best practices in fundraising. In fact, we would deem this synergy critically necessary if the school wants to maximize its fundraising potential.

A CASE survey of heads of independent schools and their chief development officers offers some interesting insights. According to the analysis, 47% of heads of independent schools reported spending 25%-50% of their time on fundraising, while only 38% reported spending less than 25% of their time on fundraising. In addition, heads who reported spending more than 25% of their time on fundraising activities were more likely to report year-over-year

fundraising growth than those who reported spending less than 25% of their time on fundraising, generally speaking.

The survey also found that heads felt quite comfortable making asks, with 85% reporting that they were comfortable asking for gifts, as illustrated below. However, the chief development officers' perceptions of their heads' comfort levels differed significantly. We think this gap suggests tremendous potential for encouraging and supporting willing heads as they transition into a greater fundraising role.



*From Goldsmith, Minding the Gap<sup>1</sup>*

## NEXT STEPS

- Determine if your school's head is spending at least 25% of his or her time on fundraising activities (up to 50% or more in a campaign), such as cultivating relationships with top prospects, speaking at donor/prospect engagement events, etc.
- Constantly seek ways your head of school can get more involved in the fundraising effort.
- Ensure that your head of school stays focused on the bigger picture and out of the day-to-day activities of the development team.

## Donation vs. Investment

There is a culture shift taking place in the nonprofit sector, and it is impacting independent schools as much as any other type of organization. Younger generations are giving less out of obligation and expressing less interest in donating to charity. Instead, they seek to invest in something meaningful and impactful—giving not only their money but their emotions as well. We believe this trend has even had an effect on older generations who used to give out of obligation but are now increasingly interested in how their gifts have impacted the organization and furthered its mission.

Reports on endowment fund growth and investment reports to donors can engage donors in the outcomes of their contributions and encourage additional investment. For instance, many donors to scholarship programs are invited to meet and get to know the students who benefit from their fund—to see the impact of their gifts first-hand. Some schools are publishing an investment report in lieu of an annual report to illustrate the growth of the endowment funds and the impact of donors' gifts on the school's various programs and initiatives.

### NEXT STEPS

- Determine ways in which you can quantify and/or qualify the potential impact of various giving opportunities, for example by highlighting the creation, growth or expected outcomes of some of the more compelling programs within the school.
- Consider adding an investment or impact report on a quarterly or annual basis (or using one to replace your annual report).
- Review messaging across all platforms to determine if it speaks more to investments rather than donations and if it connects to donor/prospect emotions. Solicit some of your younger donors or prospects for feedback.



## Endowment Fundraising & Planned Giving

Endowment fundraising and planned giving are becoming increasingly vital elements of a well-run development office. The ongoing results of a strong endowment and robust planned giving program result in financial stability and an increased commitment to programs, faculty development and diversity. Often, they go hand-in-hand, but they deserve individual consideration and approaches.

### Endowment Fundraising

Nearly all of S&W's independent school clients are engaged in some form and level of endowment fundraising, such as establishing robust planned giving/legacy programs with an endowment component (see [Planned Giving](#) below). Some schools are raising endowment funds solely to respond to ever-increasing tuition and to keep costs reasonable for parents. Other schools are seeking to endow programs that have meaning for their donors—a strategy called “donor-centric fundraising”—and are encouraging alumni to provide financial support for specific programs that have influenced their lives, for instance music, arts, theatre, study abroad, technology or imaginative programs for faculty enrichment.

### NEXT STEPS

- Consider an endowment element in future capital campaigns, and don't shy away from endowment-only campaigns. Continue to encourage endowment gifts in between major campaigns.
- Develop and disseminate an annual or quarterly investor report to show donors the return on investment for gifts made to the endowment (see previous section [Donation vs. Investment](#)).
- Create a menu of endowed gift options, such as faculty positions, programs and named scholarships, to allow donors to fund something that really resonates with them. Continue to encourage gifts to the general endowment.

Endowment fundraising, which on the surface may appear challenging, is becoming increasingly easier. After the most recent financial crisis, as with any economic uncertainty, donors appreciate the careful planning their beloved schools put into securing their futures and mitigating financial risk. They also place a lot of value on the rewards of a healthy endowment: diversity among the student body, fulfillment of mission and strategic priorities, faculty development and retention, varied programming and more.

## Planned Giving

If you were to poll your alumni, parents and friends, you might be surprised to learn just how many have already named your school in their estate plans. Many others may not have considered it (yet) but would if exposed to the idea and sufficiently cultivated. Obtaining information about donors' planned gifts to your school can inform how you steward these individuals. Much like unrestricted endowment income, unrestricted planned gifts can be used to fill in any gaps in your annual budget in a particularly challenging year, to fund initiatives that didn't make it into the annual budget and to *build your endowment*.

Planned giving is a long-term strategy. While you may have received estate gifts in the past, turning that passive approach to planned giving into an active strategy will result in a significant increase in planned gifts over the long-term. There is no need to wait to begin your program; you can begin by simply establishing a legacy society. Legacy societies not only serve to pay tribute to those who support the school in this unique way, but also emphasize the importance of this vehicle to your overall giving program (think donor wall, spotlight in your annual report, or annual recognition events). Use every opportunity to thank legacy society members and honor them.

## NEXT STEPS

- **Create a legacy society** to recognize individuals who have made a realized planned gift or who have communicated that your school is in their estate plans. Develop unique ways to regularly communicate with and honor these very special individuals.

- **BEGIN NOW** to build a robust planned giving program over time: include planned giving information in your existing communications, spotlight individual members of your legacy society in your publications and showcase the impact of planned gifts.
- **Don't be afraid to ask** constituents with whom you have strong relationships if they've named your school in their estate plans.

## Technology-Enhanced Prospecting & Data Analytics

The progress of technology has directly impacted a school's ability to identify its best prospects—not only their wealth capacity, but their patterns of giving to other organizations as well. And through the use of data analytics, schools can gain insights such as who might be ready to make their first major gift.

With all of the affordable tools on the market, you can readily uncover the following information about the constituents in your database:

- Likelihood to give a major, annual or *planned gift*.
- Capacity based on wealth and assets.
- Capacity based on philanthropic and political giving.
- Affinity or loyalty to your school (if already a donor).
- Interest in the education sector.

We've also seen the increasing use of data analytics to assist with identifying both a school's best prospects and future prospects who are loyal to the school but currently underperform in their giving. This works by modeling your current major donors and apply that model to the rest of your database to find those who share the same traits and behaviors. The results include only those most likely to springboard from a low- or mid-level gift to a major gift.

This research has transformed our ability to strategize the best approach for a specific donor, identify new "hot" prospects to cultivate and ensure that you're

not turning your best donors into ATMs (see [Effective Tools For Uncovering New Prospects](#)).

## NEXT STEPS

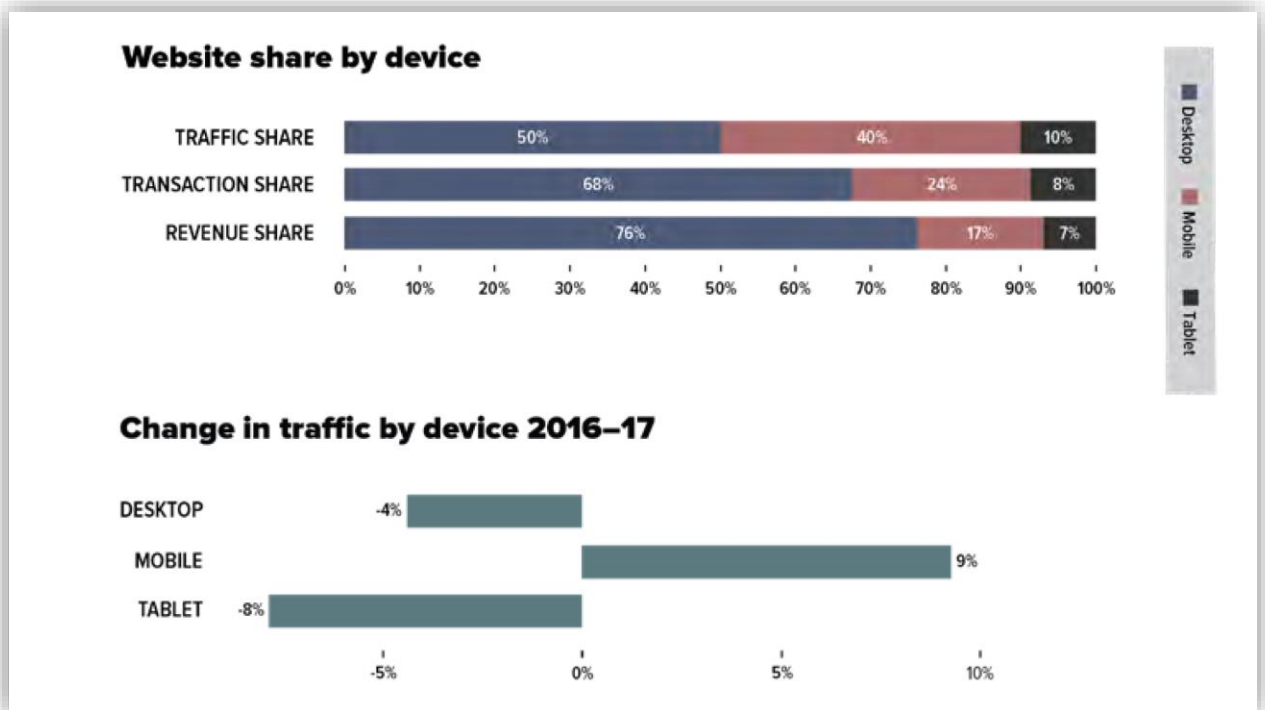
- **Screen your database at least every three years** to learn more about your constituents, discover untapped potential and ensure no money is left on the table.
- **Consider modeling to identify individuals ready to springboard** to the major gift level if you're struggling to fill gift officer portfolios with new prospects.
- **Create a prospect list specifically for your planned giving program** using your analytics results (see [Planned Giving](#) above).

## Compelling Communications

Gone are the days of one-dimensional one-channel communications. In order to compete for prospects' charitable gifts each year, independent schools are increasingly focused on communications that rival that of their nonprofit counterparts in arts and culture, higher education and healthcare. The new norm is for schools to create compelling communications using high-quality professional video and photography that spotlight students and faculty and articulate big, bold, long-term visions. It's also become standard to share those communications both in print and digitally. Elevated communications elevate the fundraising program and, consequently, the school's ability to become a top priority for their donors.

As you expand into new communications channels, don't lose sight of the value of print and remember that digital trends can change rapidly. According to the latest M+R Benchmark report, online giving in the educational sector increased by 56% in 2016-2017 over the previous year,<sup>2</sup> while mobile and tablet users accounted for 50% of website traffic across all nonprofit sectors. In addition, nonprofits' share of mobile visitors increased by 9% over the

previous year.<sup>3</sup> Needless to say, it's imperative that all of your platforms are up-to-date, mobile-friendly and user-friendly.



*From M+R's 2018 Benchmarks<sup>3</sup>*

## NEXT STEPS

- Audit your current communications. Are they compelling? Get some external feedback.
- Partner with a professional designer and writer to take your communications to the next level.
- Think digitally and think mobile, but don't forget the segment of your constituency that still requires print—or the unique benefits print can offer.

## Conclusion

All of the independent school fundraising trends we've just considered are products of a strong and pervasive culture of philanthropy. But building such a culture within the independent school environment can be a challenge. Many schools have taken the approach of enlisting younger generation parents, who engage in different ways than previous generations, to help build this culture. What this might look like moving forward, and how this might impact major gifts and other critical areas of fundraising remains to be seen.

What are you doing today to build a culture of *philanthropy* within your school?

## Works Cited

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<sup>2</sup>M+R. (2018). 2018 Benchmarks. Online data report retrieved from

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<sup>3</sup>M+R. (2018). 2018 Benchmarks. Downloadable pdf retrieved from

<https://mrbenchmarks.com/#>

## About Kelly Grattan

Kelly Grattan has more than 18 years of nonprofit development experience with a range of organizations including Gesu School (Philadelphia), Big Brothers Big Sisters of America (Tampa, FL), the Kimmel Center for the Performing Arts (Philadelphia) and Susquehanna University (Selinsgrove, PA). In her work at these nonprofits, she began by overseeing the operational aspects of the development function—including database administration, donor stewardship and prospect research—before moving to chief development officer roles. Today, she is director of development consulting operations and a senior consultant at Schultz & Williams.

Kelly also serves as lead faculty and subject matter expert for leadership at Northcentral University (NCU) in San Diego, as well as an instructor of master's and doctoral business, public administration, nonprofit management and organizational leadership courses. She is also an instructor of master's-level courses in philanthropy at Central Michigan University (CMU).

She earned a Ph.D. in administration and leadership in the nonprofit and public sectors; an M.B.A. in leadership; and a B.S. in business administration, marketing and information systems. Kelly is a Certified Fund Raising Executive (CFRE), and she holds a certificate in nonprofit management from The Nonprofit Center at La Salle University's School of Business and a Blackbaud certification in Raiser's Edge.

## About Patricia Van Allen Voigt

Senior Consultant Patricia Van Allen Voigt rejoined the Schultz & Williams team in 2015 after serving from 2011-2014 as the capital campaign director at The Agnes Irwin School and completing the School's \$40MM campaign.

Since 2004, Pat has counseled more than 35 independent school clients and other nonprofits to plan and implement capital campaigns, facilitate major gift fundraising and advise staff and Boards on creating a philanthropic culture for their institutions. Pat's recent school clients include: The Agnes Irwin School, Academy of Notre Dame de Namur, Church Farm School, Germantown Friends School, The Miquon School, Montgomery School, Mount Saint Joseph

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Academy, The Potomac School, St. Joseph's Preparatory School, Solebury School, Tatnall School and Wilmington Friends School.

Pat served as director of admissions, director of development and public relations at Springside School and, for 14 years director of external affairs. She successfully headed three capital campaigns at Springside, the last one for \$25 million.

Pat served as president of the Board of ADVIS (Association of Delaware Valley Independent Schools) and presents at numerous local and national conferences for CASE, NAIS, SSATB, The National Coalition of Girl's Schools and the Penn Summer Leadership Institute. She graduated from Dickinson College, received a master's degree in counseling psychology from Villanova University and completed graduate work at the University of Pennsylvania.

## About Schultz & Williams

Schultz & Williams (S&W) is a widely recognized strategic development, planning, multi-channel fundraising and marketing consulting firm serving our nation's nonprofits in areas such as healthcare, education, arts and culture, the environment, social justice and wildlife. S&W approaches its work with the conviction that every nonprofit's development, management and marketing strategies must be fully integrated for organizations to realize their greatest mission impact.

S&W has conducted campaign planning studies, developed campaign plans and implemented major campaign fundraising efforts to help organizations reach campaign goals ranging from \$500,000 to \$500 million. Our deep bench of experts has worked in organizations just like those we serve, providing each client with an informed and effective approach to planning, managing and implementing successful campaigns.

Headquartered in Philadelphia since 1987, S&W also has operations in Washington, D.C., Los Angeles and San Francisco. The firm has more than 65 professional staff and consultants who have served more than 1000 outstanding clients across the nation.