



Growing Endowments Surviving and Thriving in Challenging Times

By Scott D. Miller and Marylouise Fennell - College Planning & Management, November 2011

Though it may sound counterintuitive, challenging times represent an opportunity to invest in the future, while advancing boldly when others are retreating. History is replete with examples. At the start of the Great Depression, for instance, Post and Kellogg's were neck-and-neck. Post, however, chose to retrench, while Kellogg's went full-steam ahead. When good times returned, Kellogg's was well positioned to become the industry leader in breakfast cereals.

As Molly Brand of American Council on Education advises, "Hunkering down is not a good option." ON the contrary, especially when times are tough, we need to be proactive, and often downright aggressive, to move beyond sustainability.

Writing in our book *Presidential Perspectives* (Aramark Publications, 2010), our colleague Dr. Dan Angel, president of Golden Gate University in San Francisco, emphasizes two strategies:

Invest for the future. There is an oft-repeated fundraising quip revolving around a yearly calendar in which there is a monthly excuse for not actively seeking support. For example, in January, people have overspent for holiday gifts; in February, they are planning for summer vacations; and so forth. Though there may never be an ideal time to raise money, it is an absolute necessity or future sustainability. Investing in technology is one example. Investing in staff and support resources is another. At most institutions, planned giving programs now generate the bulk of endowment funds. Therefore, it is critical that colleges attract and retain highly qualified professionals to cultivate these long-

term relationships. Our history suggests that a college can recognize major returns on this investment within five years or less.

Think strategically. Dr. Angel tells the story of the 12-year-old sharpshooter who was drawing widespread acclaim for always hitting the bull's eye. Asked how he achieved this remarkable accuracy, the marksman replied, "It's really not so difficult. I just shoot the holes and then draw the bull's eye around them." As Dr. Angle points out, "Unfortunately, we have to draw our targets first and then lead our institutions toward the center."

To these recommendations, we would add:

Institute or update a comprehensive institutional review as a vehicle for positioning your institution for the future. Especially in difficult economic times, a thorough review can also more clearly delineate priorities, provide a sharper focus, and establish a future agenda. Further, an in-depth review by outside experts will provide a more objective foundation for strategic and long-range planning and, specific to building endowment, it will advise on perceptions of key constituencies while helping to determine the potential for increased support. Moreover, it may also reveal hidden "minefields" that need to be addressed before embarking on a capital or planned giving campaign.

Cultivate and recognize women donors. As our valued colleague Jerold Panas, executive partner and chief executive officer of Jerold Panas, Linzy & Partners, a leading specialist in financial resource development,

emphasizes, women now hold more than 53 percent of the nation's net worth; by 2014, that figure will be nudging 60 percent. In Jerry's words, "If you don't have a very strong representation of women in your donor base, you need to change your direction."

Help donors to get more of what they want. Prospective donors obviously want to know about the institution, Panas notes, but first, they are interested in why you are contacting them. "If you will help people get what they want, they will help you get what you want," he emphasizes.

A strong endowment is the bedrock on which all future institutional growth and development is built, and institutions that fail to create long-term financial sustainability in the midst of current operational expenses do so at their own peril.

Dr. Scott D. Miller is President of the College and M.M. Cochran Professor of Leadership Studies at Bethany College in West Virginia. Now in his third college presidency, he has served as CEO for 20 years. **Dr. Marylouise Fennell, RSM**, a former president of Carlow University in Pittsburgh, is senior counsel for the Council of Independent Colleges (CIC) and a partner in Hyatt-Fennell, search consultants serving the education and non-profit communities. Both serve as consultants to college presidents and boards.