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## ABSTRACT

Colleges and universities can no longer afford to remain insular when determining which new initiatives can be funded, how, and by whom. As public funding bases dwindle and individual donors begin to identify themselves as investors as well as philanthropists, higher education institutions must increasingly seek out new ways to integrate academic planning, budget processes, and fundraising efforts. Institutions must broaden and diversify their sources of revenue and become more strategic in their planning and the engagement of internal and external constituencies. This paper contains profiles of seven institutions that have worked with the Knight Collaborative to pursue new planning and fundraising initiatives. Their efforts provide lessons for other colleges and universities, especially public institutions, that are struggling to integrate private revenue into their planning, budgeting, and fundraising activities. The institutions profiled are: (1) Cleveland State University, Ohio; (2) Northern Arizona University; (3) Pace University, New York; (4) Portland State University, Oregon; (5) Towson University, Maryland; (6) University of Massachusetts, Amherst; and (7) University of Nevada, Las Vegas. The experiences of these institutions demonstrate that commitment to change must come from the top, but the environment must be right for ideas to bubble up from below. Administrative units must redefine their roles, and the shift in culture must be accompanied by a shift in language. No matter what the changes, the student experience must be the bottom line. (SLD)

## Planning and Fundraising: From Bureaucratic to Strategic Management

**The Challenge:** *As public funding bases dwindle and individual donors begin to identify themselves as investors as well as philanthropists, higher education institutions must increasingly seek out new ways to integrate academic planning, budget processes, and fundraising efforts.*

**The Solution:** *Broaden and diversify sources of revenue by renegotiating the culture of the institution to become more strategic in its planning activities, revenue allocation, and engagement of internal and external constituencies.*

"Historically, the management of higher education institutions has been driven from the inside-out," says Bruce McClintock, a senior consultant at Marts & Lundy, who has helped a number of colleges and universities rethink their approaches to fundraising. "Now, as they emerge from a relatively insulated position and must increasingly secure private sources of revenue to grow, they are forced to look at themselves from the outside-in." What McClintock implies, and what university campuses across the country increasingly are realizing, is that—in the time of a shrinking public purse—colleges and universities can no longer afford to remain insular when determining which new initiatives can be funded, how, and by whom.

Such a transformation requires an internal rewiring of higher education institutions, one that changes how academic priorities are established and how revenue-producing strategies are used to fund them. Public and private institutions alike find they must foster new ways for

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*\*See page 3 for a matrix of  
institutional initiatives.*

internal constituencies and processes to work together—aligning academic planning, budgeting, and fundraising—to strategically match institutional goals with the interests of private donors. In essence, institutions must take a horizontal look across offices and units, enabling deans, faculty, administrators, development officers, and external relations staff to think and work across their job descriptions, not

*Academic Planning*  
+ *Budgeting*  
+ *Fundraising*  
= *Support for*  
*Strategic Goals*

only to identify ways of coordinating unit priorities with institutional strategies but also to link those priorities

with private donors' goals. Yet, within the university, the horizontal connections are not always apparent—and the linkages may be even more obscured when a campus is accustomed to relying on unrestricted lines of funding.

On a fair number of campuses, the mixing of tuition revenue with state and federal funds has become well integrated with academic planning, as the balance among these sources has shifted—sometimes dramatically—over the last two decades. However, comparatively few institutions have sought ways to extend the connections between academic planning and budgeting to include the institution's fundraising efforts. Few, as well, have found effective methods for determining which revenue stream is best suited to fund each institutional priority and subsequently how to implement these strategies. And too many development officers lament that they are expected to have the solution for every budgetary shortfall, even if the gaps happen to be in areas with little appeal for private donors.

Indeed, many campus cultures have evolved to operate with the expectation that funding, particularly from tuition or state coffers, comes with few restrictions or strings attached. Once an institution turns to private monies as a significant revenue stream and source of funding for

important institutional priorities, it faces a different set of rules: private donors want a say in how their dollars are put to work, and their expectations shape which initiatives ultimately receive support. Donors want to “invest” in institutions with real strategic plans that are already yielding results. And, they want to be joint partners in the act of making a difference. Now, necessity dictates that many institutions must find ways to integrate the perspectives of new constituencies—those of private donors, foundations, and alumni—into their operations and to strategically seek out, manage, and allocate the revenue those stakeholders contribute.

Seven institutions convened the Knight Collaborative Engagement on Integrating Academic Planning, Budgeting, and Fundraising in 1998 to pursue such strategies. Each worked for over a year to create a network of connections among its planning, budgeting, and fundraising functions. Together, they initiated a number of experiments that demonstrate how a college or university can shift from an institutional to a strategic state of mind, changing structural and cultural underpinnings to become more a pursuer and less a mere recipient of funding. The engagement allowed them to compare notes, as well as advance and refine their individual strategies through roundtables and technical assistance. Among the initiatives they worked on during the year of the engagement were the following:

- Transforming administrative structures to link academic planning and budgeting with fundraising;
- Moving authority down, and developing more of a horizontal culture within, the institution to reach consensus over strategic and fundraising goals;
- Effectively engaging private donors' interests and investing in the enhancement of alumni relations by incorporating the perspectives of external constituencies; and
- Rethinking their identities as institutions and,

consequently, changing their relationships with public agencies, conceiving of them as partners rather than owners.

While all seven institutions are making headway in each of these areas, the stories recounted in this *Exemplars* represent the primary initiatives or activities on which they

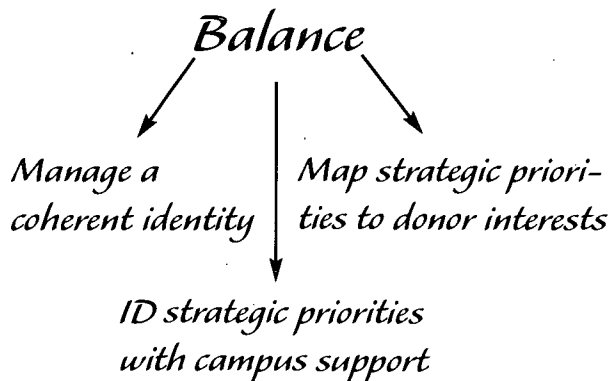
chose to focus in the engagement. (See the matrix below for a sampling of the initiatives within each institution.) They all provide lessons for the increasing number of colleges and universities—particularly public institutions—struggling to strategically integrate private revenue in their planning, budgeting, and fundraising efforts.

	<b>Transforming Administrative Structures</b>	<b>Changing Organizational Cultures to Achieve Consensus</b>	<b>Engaging the Interests of External Constituencies</b>	<b>Reconceiving Identities and Relationships with Public Agencies</b>
<b>Cleveland State University</b>	<ul style="list-style-type: none"> <li>✓ Founded I-Team to implement integrated plans</li> <li>✓ Planning and Budget Committee linking deans' priorities with available resources and strategic goals</li> </ul>	<ul style="list-style-type: none"> <li>✓ Opening lines of communication across campus through roundtables that focus the institution and its faculty on strategic initiatives that map to core values</li> </ul>	<ul style="list-style-type: none"> <li>✓ Every two years, reviewing the strategic plan with community stakeholders, who help to formulate objectives</li> </ul>	
<b>Northern Arizona University</b>	<ul style="list-style-type: none"> <li>✓ Leadership Team on the New Century Campaign</li> </ul>		<ul style="list-style-type: none"> <li>✓ Corporate partnerships with faculty support</li> </ul>	
<b>Pace University</b>	<ul style="list-style-type: none"> <li>✓ Cross-unit, inclusive Planning and Budget Committee</li> </ul>	<ul style="list-style-type: none"> <li>✓ Move from a vertical bureaucracy to a horizontal, decentralized planning effort</li> </ul>	<ul style="list-style-type: none"> <li>✓ Alumni Commission for strategic planning and fundraising</li> <li>✓ Campaign Council</li> </ul>	
<b>Portland State University</b>	<ul style="list-style-type: none"> <li>✓ Strategic Resource Management Criteria</li> </ul>	<ul style="list-style-type: none"> <li>✓ Urban mission-centered planning</li> <li>✓ Presidential leadership</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reconciliation Team of community partners to focus capital campaign goals</li> <li>✓ Cross-institutional collaboration</li> </ul>	
<b>Towson University</b>	<ul style="list-style-type: none"> <li>✓ Annual Development Office visits to deans and departments</li> <li>✓ Strategic Budgeting Committee; Strategic Planning Council</li> </ul>	<ul style="list-style-type: none"> <li>✓ Annual Fund Faculty-Staff Campaign</li> <li>✓ Faculty Leadership Program</li> </ul>	<ul style="list-style-type: none"> <li>✓ Presidential outreach</li> <li>✓ Department-specific communications efforts and alumni outreach</li> </ul>	<ul style="list-style-type: none"> <li>✓ Greater autonomy through redefinition of Maryland's State System of Higher Education</li> </ul>
<b>University of Massachusetts, Amherst</b>	<ul style="list-style-type: none"> <li>✓ Changing reporting lines for planning administrators to the provost, finance, and academic affairs</li> </ul>		<ul style="list-style-type: none"> <li>✓ Commission on the Future to engage stakeholders in planning</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lobbying for greater latitude in leveraging public allocations for building projects</li> </ul>
<b>University of Nevada, Las Vegas</b>	<ul style="list-style-type: none"> <li>✓ Foundation head serving on president's cabinet</li> </ul>	<ul style="list-style-type: none"> <li>✓ Constituency fundraisers in individual schools</li> <li>✓ Sharing development staff between the foundation and schools</li> </ul>		

## Transforming Administrative Structures

In some cases, the key to integrating strategic planning, budgeting, and fundraising required a simple change in perspective—recognizing, and then realizing, the potential of existing committees to work more seamlessly across the institution in support of strategic goals. In others, it involved constructing entirely new units that not only spearhead planning but also implement the results.

**Solutions may be hidden in plain view.** Without knowing it, Pace University already had a structure in place for achieving integration—for seven years—before realizing its potential: a committee for integrating the budget with long-range planning. During Pace’s first capital campaign, administrators did consider the strategic agenda at the



same time they developed campaign goals, but they never thought to look at how their strategies could be integrated into annual budget planning. As Pace’s retiring president, Patricia Ewers, explains, it was a moment of epiphany during the campaign itself that made the advantage clear. “Suddenly, we thought, ‘Wouldn’t it be nice to take the five projects we can’t support in next year’s operating budget and start thinking about fundraising in relation to our strategic goals?’ That sounds like such a simple thing, but we didn’t notice it for seven years!” To many outside the academy, the concept of linking these functions might seem perfunctory; but it is a realization that has escaped

numerous campuses. “We’re so used to working in our own respective silos,” says Ewers. “Our structure supports thinking in a vertical dimension, so each unit considers its problems from its place in the organization. But the modern university will have to function horizontally.”

**More direct ties help to bind the foundation and the administration.** For the University of Nevada, Las Vegas (UNLV), a simple but critical step was to establish closer ties between the university’s administration and its foundation board. The head of the foundation became both a member of the president’s cabinet and more active agent in budget development. “Bridge-building between the cabinet and the foundation was essential,” says Rebecca Mills, senior advisor to the president of UNLV, “because it placed the foundation head in direct and regular contact with the president and vice president for development.” These leaders became engaged in significant conversations about planning and long-range goals—both to represent the perspective of donors and to better communicate the strategic needs of the university to them. Ultimately, this step allowed UNLV to build its capital projects exclusively with private dollars, a revenue source that represented the only way for this rapidly growing institution to fund its expansion, since its need quickly outpaced the capacity of public dollars to help achieve its objectives.

**Institutions can work to manage implementation, as well as integration.** On other campuses, the integration represents the structural evolution of an existing mechanism. Although Cleveland State University (CSU) had integrated planning and budgeting decisions, fundraising was, as one administrator said, “something out of left field.” For four years, CSU’s president and senior administrators had worked to develop a strategic academic and budget planning process, identifying priorities that could be funded either through private sources or the university’s budget, if the item was unlikely to attract external support

but was aligned with the strategic plan. Taking the idea one step further, CSU assembled the “I-Team,” consisting of the president; the chief financial, academic, and development officers; the president of the faculty senate; a dean; and a grants officer to implement the work plans generated by discussions of integrating planning, budgeting, and fundraising. Their effort has resulted in significant success, even in the absence of a capital campaign. In 1998, CSU raised more than \$8 million—doubling its target of \$4 million. That sum represents a quadrupling of the total private-sector funds received in 1993.

### Changing Cultures to Achieve Consensus

Merely reshuffling a committee or proposing additional meetings alone cannot achieve the changes necessary for significant gains in resource development. New funding streams change the fundamental shape of the river, and institutions must strike a balance between managing a coherent identity, matching items on deans’ wish lists with institutional priorities, and identifying those strategic initiatives that also map to donor expectations. To that end, these experiments have sought to reshape or build on new linkages and existing cooperative relationships that decision-makers maintain among their internal constituencies.

Before approaching foundations or private funders, the colleges and universities participating in the engagement got their houses in order, building on strong leadership to promote an understanding among units and departments that, while the sky was not falling, it was not business as usual. By deepening or opening lines of communication, they engaged deans and faculty in ways that overcame barriers to consensus—primarily through a mix of centralized and decentralized decision-making—while promoting more centralized but inclusive management of strategic planning and fundraising to ensure that initiatives map to broader institutional priorities.

**Extending authority downward allows institutions to move forward.** Pace University underwent a cultural reformation under President Ewers’ watch. “The institution that I joined ten years ago was a highly centralized, administrative structure, so getting responsibility and authority down through the organization was the principal cultural change,” she remembers. With substantial effort and

### *Real integration → change in institutional culture*

the help of her colleagues, Ewers was able to change how Pace functioned—from a rigid, vertical organization to one that works across units in decision-making and spurs innovation from the ground up, while simultaneously keeping everyone focused on broader institutional priorities. Deans, development staff, and faculty members on Pace’s Planning and Budget Committee not only bring the academic kitchen sink to the table but also carry campus-wide goals back to their units. This flow of information allows schools and departments to see the big picture while developing grassroots initiatives that are aligned with strategic objectives. “They behave much like a leavening agent, providing yeast in a number of different places throughout the organization,” says Ewers. “Now, innovation is beginning to rise simultaneously, rather than being forced with a directive from on high without any support in the trenches.”

Pace’s success at reinventing a more inclusive and dynamic culture bridges many of the expected divides between administrators and faculty that can often stall or stunt institutional growth. The first major sign of change is that both sides now listen to one another. “Even those who have knocked heads the hardest over the last ten years are considering each others’ views,” she says. The second is that disagreement has become more constructive; respective parties are more open to working toward effective compromise—so although they may differ over the means, they do



agree on the ends. “Administrators understand what’s at stake for faculty and try to alleviate their concerns, explaining both the rewards for risk-taking and the dangers for the institution of not doing it,” she explains. “On the other hand, faculty have extended to us a certain level of trust based on the belief that we are trying to do something good for the institution.”

**Avenues of communication can help sharpen, rather than diffuse, an institution’s focus.** At CSU, campus-wide conversations are fostering a recognition of common purpose among faculty and administrators, as well as helping faculty understand how to translate their individual efforts into initiatives that support strategic goals. President Claire VanUmmersen reports that the university’s

*Finding  
core values  
through  
communication*



*Generates  
viable programs*

roundtable process—conversations with smaller groups of stakeholders, along with linked all-campus forums to expand the discussion—has fostered an identification of core values across the institution that have helped to focus strategic initiatives. “We discovered there was an unrecog-

nized unanimity about what should constitute our priorities,” says VanUmmersen. For example, core values such as a dedication to access have been translated into community-focused scholarships; and an emphasis on the quality of faculty and student interaction has led to the identification of an increasing need for endowed chairs, as well as the Center for Teaching and Learning. The Budget and Planning Committee uses these core values as a filter when priority-setting, as well as linking strategic planning with the operating budget.

It took four years of hard work and even harder

conversations to change CSU’s climate, transforming a multitude of approaches and priorities into a singular sense of what is important. “At first, the roundtables were very difficult for me, because no matter how much we talked, we weren’t reaching consensus,” VanUmmersen remembers. CSU had been a very inward-focused campus, and faculty had difficulty with the concept of an urban mission and how it might restrict their academic freedom and activity. As one faculty member once told VanUmmersen, “It’s not that we don’t hear what you’re saying; it’s that we don’t like what you’re saying.”

Four years later, that same person exclaimed at a campus forum, “You know, I finally get it. I know how my department can support an urban mission.” Now, community partnerships are springing up across the curriculum: the art department has hosted exhibits of local artists and offered linked symposiums and special courses; the geology and biology departments work with the National Park Service to study the quality of the watershed; and the history department focuses on the traditions of communities in Northeast Ohio. This shift in the culture around academic planning is also helping to build resources for new programs—the kinds of initiatives VanUmmersen believes add to an institution’s hallmarks of quality. “These joint programs with community partners are the very ones we could not fund through our regular budget,” says VanUmmersen, “and it’s a way for us to go back to the community to showcase joint programs and to propose additional programs, as well as ask: Can you help us find the dollars to pursue them?” It is also a way to attract additional funding from individual, foundation, state, federal, and corporate sources.

**Faculty and staff can serve as partners in fundraising.** Towson University sought to engage faculty and staff as something more than stakeholders in fundraising—making them active participants in the search for resources through its Annual Fund campaign. Joanne Glasser, Towson’s executive vice president for institutional

advancement, approached President Hoke Smith in 1996 with a proposal to launch a capital campaign that would involve the active participation of faculty and staff. Smith was enthusiastic but sent up warning flags, advising her to anticipate concerns from faculty who already contribute by providing service and might feel the request was unreasonable. But the faculty-staff campaign has been an enormous success, raising over \$100,000 in its fourth year alone. Both Glasser and Smith view the Annual Fund campaign as a key element in shaping their university's culture of community, one that has the potential to institutionalize Towson's efforts to attract private donations. "Faculty do consider them-

### *Faculty as fundraisers!*

selves as stakeholders," says President Smith, "but once they realized they could become partners in fundraising, amazing things started happening." For example, the chair of the philosophy department and the dean of liberal arts both landed major gifts, and an emphasis on resource development and external relations is becoming a larger part of deans' portfolios.

Glasser believes that several ingredients have served as the catalyst to cultural transformation. The first is that her annual visits with department chairs and deans to identify their priorities signals her commitment to linking donors' needs with those of faculty. She also updates faculty on the capital campaign's progress, as well as discusses how departmental needs match the university's goals. Second, Glasser recommends educating internal stakeholders to promote their understanding that sometimes you have to spend money to make money. "You have to make an initial investment in development staff and marketing to put the institution on people's radar screens—they won't make an investment in your campus otherwise," she says. The third component is Towson's faculty leadership program, which expands faculty members' knowledge and skills in the areas of resource development and capital

campaigns. All three efforts have helped faculty and staff to see the campaign as a collective effort in which everyone both benefits and shares responsibility. "When faculty understand how resources from the private sector extend back into their classroom—increasing the quality of students we attract and the infrastructure in which they teach—that's when you get a real partnership," she adds.

### **Strategically Engaging Donors and Their Interests**

Just as institutions must relearn how to engage their internal constituencies, they must also reshape their approach to forging relationships with external funders to better compete for private dollars and establish enduring investments. Private, top-ten institutions have learned the fundraising lesson early and can now capitalize on long-established relationships with the philanthropic community and alumni to strategically build their campuses and programs. But less competitive institutions and most public colleges and universities have minimal experience in engaging private donors in the life of their campuses, much less in mounting major capital campaigns. "Higher education institutions are dealing with a new animal here, not the streams of revenue they are used to relying on," says Ann Duffield, a senior consultant at Marts & Lundy. It is not the old marketing mode that still applies, but what Duffield describes as a new approach to strategically engaging donors in new ways. "You have to identify who gives and understand their goals and interests, as well as tell them what you have to offer," she says. "Most individuals and private funders today feel they are making an investment in an institution—one whose impact they will want to track."

Pursuing those relationships for the first time poses significant challenges for many campuses. Institutions find that, to help ensure support, donors must be incorporated early in the planning process. To establish relationships that



are "reciprocal" in nature, they must identify how both institution and donor benefit from the investment. Integrating private philanthropy into the institution in substantive ways not only requires a fundamental shift in thinking, but also an infrastructure to make the relationship last. "Even if we change how we think about our funders' place within the institution, unless the external perspective is built into the structure of the organization, then the effort is lost," says Ewers.

And if private donors' roles within the institution are to be truly integrated, colleges and universities must address the sensitive reality that donors' power within the

*FROM  
relationships  
with donors  
TO  
reciprocal,  
strategic  
engagement*

organization also increases. As Jan Kurtz, executive director of Portland State University's (PSU) foundation, explains, "Our conversations with the university now are explicitly about shifting our relationship—as a foundation, we must neither be arrogant nor too accommodating.

We have to find a waltz where

we rely on each other to keep time and neither party dances alone." In the early stages of its campaign, PSU initiated that dance by engaging its regional partners in decision-making. To incorporate the perspective of the community, PSU established a Reconciliation Team, consisting of roughly 70 area leaders whose external opinions helped to shape the thrust of the campaign. The team enabled PSU to narrow down total requests for funding from \$285 million to a more reasonable \$85 million by recommending that engineering, science, and technology serve as the linchpin effort.

Keeping in step with alumni, in particular, requires following a very demanding rhythm, since students increasingly see a college education as a private good they have purchased and are therefore less likely to extend their

responsibility to the institution any further. While the challenges are considerable, there is great incentive for institutions to begin cultivating relationships with alumni, starting as early as a student's first year of enrollment. As Marts & Lundy consultant Michael Sinkus reports, the factor that correlates most with donor gifts to education is the quality of the alumni's undergraduate experiences—as late as 60 years out.

**Purposeful and personal alumni relations pay off.** Towson learned the hard way how poor alumni relations can limit the potential of alumni gifts, particularly for public institutions, whose massive enrollments and bureaucracies make maintaining ties with graduates exceedingly difficult. The university now takes the personal approach, as President Hoke Smith reconnects with graduates at emerging alumni groups around the country. Smith met one alumnus who valued his educational experience at Towson but refused to make a donation because an outstanding university parking ticket kept him from receiving his diploma. After resolving the problem, the alum expressed his gratitude by giving a significant gift—an incident that exemplifies the powerful message a president can send by meeting directly with alumni and other potential donors to solicit their support. Towson also realized that alumni have a stronger attachment—and corre-

sponding commitment—to their departments than to the college or university as a whole. "Department chairs and colleges have started their own alumni activities, involving gradu-

ates first in friendmaking and then in fundraising," says Smith. The university now ties communications efforts directly to individual departments, and the development office follows-up with more active graduates to translate that effort into resource development and fundraising. The

*Donors' dollars  
follow their  
interests—  
& sound  
investments*

strategy also gets the academic division working in tandem with the development division, fostering the alignment of strategic plans and priorities with fundraising efforts.

**Partnerships with the for-profit sector can be particularly productive.** In opening its doors to corporate stakeholders, Northern Arizona University (NAU) has realized benefits for the institution, its donors, and the regional communities it serves. NAU has established a number of corporate partnerships, including a major agreement with the database software giant, Oracle Corporation, to become one of the largest producers of Oracle-trained graduates in the country. "The College of Business has increased its capacity, the university has gained in reputation, our students are far more employable, and Oracle has trained workers who can apply the company's products in their business environments," says Ted Ford, NAU's senior vice president for university advancement. While partnerships with the for-profit sector give some universities occasion to pause, there is a receptiveness at NAU to use strategic cultivation to obtain external support—in fact, NAU initiated the partnership with Oracle.

Most of NAU's partnerships are built around strategic investments in technology, linking those initiatives with the campaign and planning goal of becoming a premiere residential campus that also delivers high-quality distance education to students in remote areas. By understanding how the university's goals might be consistent with those of the private sector, NAU found it has the potential to reach students that it simply could not afford to serve before. "We asked ourselves, 'Is there a way to put a laptop in the hands of a Navajo student on the reservation and for him to access the Internet and our distance learning classes via wireless technology?'" NAU is pursuing partnerships with regional telecommunications, hardware, and Internet service providers to donate equipment and services for developing the necessary distance learning infrastructure—at a no-cost basis to the university.

**Strategic regional partnerships can support both the university and the community.** PSU's approach to collaboration relies more on the public sector, but like NAU it is guided by a mission to serve the needs of its community more effectively, engaging in cross-organizational collaborations with other educational institutions to both fulfill its mission as an urban university and strategically attract private funding. "Our general strategy is to join strengths with institutions with natural and appropriate common areas and missions to serve the region," explains PSU's provost, Mary Kay Tetreault. PSU views its own strategic investment in engineering, science,

and technology as one way to fulfill its compact with the city and is working to

establish formal agreements with organizations such as the Oregon Graduate Institute for Science and Technology. To promote these agreements, PSU empowers its faculty to work across institutions and to play a key role in designing the initiatives, often being the first to identify a potential collaborative research or teaching effort. Faculty take their ideas to the administration, which subsequently formalizes the effort and pursues funding from the state, private donors, or foundations.

### *Strategic Partnerships:*

- *Community*
- *Employers*
- *Regional Institutions*

## **Reconceiving Institutional Identity and Relationships with the Public Sphere**

Forging new relationships with both internal and external stakeholders has transformed the organizational cultures of these universities, particularly those considered to be under public control. Ford believes that NAU was forced to reinvent itself to overcome the competing goals defined by the legislature. Although Arizona state appropri-

ations to higher education have grown recently, they have not met the rapidly increasing pace of expenses. And while Arizona wants a university system that is as self-sufficient as possible, it also wants tuition to be as nearly free as possible. The financial constraints resulting from tight enrollment have caused the entire NAU campus to become more business-like—a very different perspective for a public institution. “It’s more a matter of looking at ourselves as an enterprise, not just as an institution of higher education,

## *Public institutions —> Public patrons as donors rather than owners*

defining what we want to be in five or ten years,” Ford says. Over the last half-century, public institutions have tended not to engage in a great deal of self-definition, growing by default. “We have evolved to be a lot of things to a lot of people,” he says, “Now NAU, and all public institutions, will need to be much more strategic in how we see ourselves and where we are going.”

Part of that self-definition process involves revisiting how a public institution views its relationship to public patrons—in a sense, seeing the government as a donor, rather than an owner. As the subsidy of public dollars or their importance in fostering innovation dwindles, should the public role in governance also diminish? While such a loosening of the reins may provide public institutions the slack needed to be more nimble in an increasingly competitive arena, many fear that if colleges and universities pursue too many private dollars, public support will be curtailed even further.

**Adopting a campaign mindset can stabilize, rather than undermine, the footing of public institutions.** When undertaking its first capital campaign, the University of Massachusetts, Amherst feared that very fate. “We had to engage that question right away,” Marcellete Williams, deputy chancellor at Amherst, remembers. “The

university and its stakeholders were still not comfortable with the concept of a capital campaign.” Amherst addressed its concerns with the governor and legislature, asking for assurances that the revenues raised would not be counted in place of state allocations. “Instead, we needed the investment from the Commonwealth to send a positive signal to all of our potential funders that we are indeed a good investment,” says Williams. Amherst lobbied for new legislation that would provide greater flexibility in financing new construction, allowing state-supported institutions to finance future building projects with greater than 50 percent of the allocations generated through private funds. In a sense, the state became a major donor providing matching dollars for a portion of the campaign capital raised, and the loosened regulations eliminated the typical seven-to-ten year wait for completing a publicly funded building, as political and legislative constraints tied up state appropriations. Now, Amherst estimates that new buildings can be completed within three years—a schedule attractive to the university and potential donors alike.

**Gaining institutional autonomy requires a reworking of the regulatory compact.** Towson University serves as a harbinger of what-may-come. The university and its recent role in redefining the Maryland State System of Higher Education demonstrates how a public university can strategically redefine its organization, assert its autonomy, and still maintain its share of the public purse. At the same time Towson negotiated with the legislature to secure a revenue increase of \$800 per FTE student, it was instrumental in passing reorganization legislation that won greater latitude for all schools within the system. “We live in a competitive age in which state regulation is counter-productive,” says President Hoke Smith. “To meet our strategic goals, we needed the freedom to move rapidly and add to our inventory of programs, which we kept down during the recession.” Under the redefinition, Towson was able to add 13 programs and become more aggressive in offering off-

campus courses. It was also released from bureaucratic regulations regarding procurement.

## Lessons Learned

As public institutions increasingly go head-to-head in competition with private universities and for-profit educational institutions, such regulatory reform may be increasingly necessary to make room for sufficient innovation. For many institutions, the question is more one of necessity than philosophy. "There is great value in how universities work with faculty to reach consensus," says Ford, "but universities have to be agile as well." Engagement participants experimented with ways to engage faculty while also moving their institutions more swiftly toward the realization of strategic goals. They offer a series of lessons for any college or university—public or private—embarking on the pursuit of private dollars.

**Commitment must come from the top.** Whether building consensus among faculty and administrators, spearheading a committee that integrates these functions across the institution, or making overtures to foundation boards, private donors, or alumni, the role of the president is critical. In almost every case, the president's leadership in helping both internal and external stakeholders understand the need to link donor, institutional, and individual priorities is what made campaigns successful and cultural change possible.

**But the environment must be right for ideas to bubble-up from below.** "It really takes a whole campus," says Towson's Joanne Glasser. "To the extent that you can get participation from faculty, students, and alumni in promoting the campus, touting its strengths, making it known to the external constituents as being worthy of investment, that's where you have success." Developing relationships with internal stakeholders that promote trust and cooperation rather than entrenched points of view is what generates

ideas that link to broader goals.

**To achieve true integration, administrative units must redefine their roles.** Administrators across the board must begin to see their role in the larger institutional picture, as well as understand the roles their colleagues play. Development offices, in particular, may be well-suited to communicate across the institution—serving as a link between academic affairs, university relations, and finance and administration—and can best promote the notion that responsibility for decision-making is shared at the same time they motivate internal and external stakeholder involvement in fundraising efforts.

**With a shift in culture must come a change in language as well.** Changes in relationships with internal and external constituencies—as well as how an institution approaches strategic fundraising, budgeting, and planning—must occasion new ways of communicating needs and intentions. For example, public funders become donors, rather than owners. Private donors should be engaged, rather than cultivated—and the effort becomes resource allocation, not just fundraising.

Institutions must also realize that today's donors not only

engage in philanthropy but also increasingly consider themselves as investors in an institution and its future.

Yet, because of the nature of higher education's missions and appeals, that new language must avoid the pitfalls of the market. "Our terms shouldn't work against what we want to do," explains Amherst's Marcelle Williams. "It's not sales metaphors that will help us reach our goals." Instead, higher education has a unique opportunity to help its internal stakeholders rethink their views of private giving and overcome the cynicism that often develops around philanthropy. "Nascence in this area is a thing of beauty," Sinkus says. "It can help higher education escape

*Remember:*

*Bottom line = student experience*

## Institutional Profiles

### Cleveland State University

Public doctoral university in Cleveland, Ohio  
 Number of undergraduate and graduate students: 15,682  
 Number of full-time faculty: 550  
 Number of part-time faculty: 437

### Northern Arizona University

Public comprehensive university in Flagstaff, Arizona  
 Number of full-time undergraduate and graduate students: 13,329  
 Number of full-time faculty: 690  
 Number of part-time faculty: 632

### Pace University

Independent doctoral university located in New York City and Westchester County, New York  
 Number of undergraduate and graduate students: 13,461  
 Number of full-time faculty: 435  
 Number of part-time faculty: 625

### Portland State University

Public doctoral university in Portland, Oregon  
 Number of undergraduate and graduate students: 15,941  
 Number of full-time faculty: 1,169  
 Number of part-time faculty: 359

### Towson University

Large public comprehensive university in Baltimore, Maryland.  
 Number of undergraduate and graduate students: 16,647  
 Number of full-time faculty: 471  
 Number of part-time faculty: 619

### University of Massachusetts, Amherst

Public research institution in Amherst, Massachusetts  
 Number of undergraduate and graduate students: 25,031  
 Number of full-time faculty: 1161  
 Number of part-time faculty: 130

### University of Nevada, Las Vegas

Public comprehensive university in Las Vegas, Nevada  
 Number of undergraduate and graduate students: 23,000  
 Number of full-time faculty: 630  
 Number of part-time faculty: 538

the bogus sentiments of mature fundraising operations.”

**The bottom line must be the student experience.** Institutions can become lost in discussions of strategic advantage and competition and forget the point of the exercise entirely—improving the quality and breadth of student education. “Faculty can be dismissive of the market, but not of the fundamental student experience,” says Robert Zemsky of the Knight Higher Education Collaborative. That experience is perhaps the most important relationship on which institutions should focus in their efforts to improve programs, facilities, and resources. Indeed, given the relationship between alumni giving and student life, it is in an institution’s best interest to do so. Accordingly, relationships with alumni need to begin not as they walk out as graduates, but on the day they call as prospective students for an application.

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