

# Connecting the Dots for Donors

Fundraisers need to sell an institution's social impact

By JASON SAUL

**It's time for higher education to take its share of the social capital market.**

**H**igher education fundraising is in crisis. At many institutions, traditional sources of revenue—alumni giving and government funding—are in decline. After an 11.9 percent drop in 2009, donor giving to U.S. colleges and universities has begun to rebound, but it has yet to reach pre-recession levels, according to the most recent data from the Council for Aid to Education. Additionally, most state governments are cutting funding for public higher education.

Yet the demand for higher education has never been stronger. More and more students are willing to go into debt for their own education at the same time that alumni are tightening their wallets.

Why are those two trends diverging? It's a question that's critical to your fundraising work. In the simplest sense, the answer is value.

The current model of giving is built around psychic value. We expect alumni to give because it feels good. You went to school here, you like our brand, so please give us money. In a worsening economic climate, the desire to feel good is usually trumped by more urgent needs.

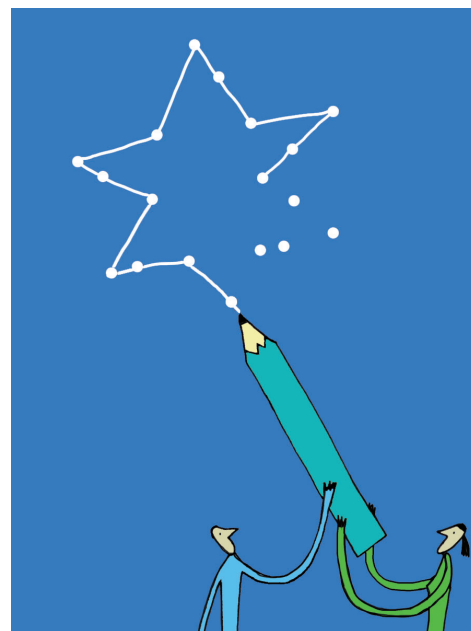
The fundamental problem fundraisers have is that the value proposition offered to donors isn't strong enough. All donors get in return for their gift is the warm glow of philanthropy. We make it about us—what we need—rather than about them.

From the student perspective, higher education offers real value—a tangible return on investment that includes improved job security, better pay, and career-oriented networking. It's a value for which students are willing to pay, and pay big.

We need to sell ourselves to alumni the same way we sell ourselves to students. What can we offer them? What value will they get from giving?

## THE SOCIAL CAPITAL MARKET

When fundraisers move from a feel-good approach to a value-driven approach, they open up what we call the social capital market—economic transactions that involve social change. The social capital



market includes \$290 billion a year in consumer spending on socially responsible goods and services, \$32 billion in corporate social responsibility, and \$543 billion in spending on primary and secondary education, just to name a few aspects of the market.

Mission Measurement estimates that the total social capital market is \$7 trillion a year. Compare that to the current philanthropic market (nonreligious donations from individuals, corporations, and foundations), which accounts for \$200 billion each year. There is a huge missed opportunity for higher education here.

We're chasing donors trying to figure out how many letters and phone calls it takes to hook them. And we're fighting for an ever-shrinking share of government funding. Instead, we should be trying to find the stakeholders who value what we're already doing—or are capable of doing within our mandate or mission—and can afford to pay for what our institutions produce.

Who are these people? Who's benefiting from what we produce? If we didn't exist, who would care? Who is in "pain" because they aren't getting what we produce? Those are our impact buyers, the people we need to be talking to, if we aren't already.

Jason Saul is the founder and CEO of Mission Measurement LLC, a strategy consulting firm. He also serves on the faculty of Northwestern University's Kellogg School of Management and is the author of *The End of Fundraising: Raise More Money by Selling Your Impact*.

JUSTINE BECKETT for CASE

It's time for higher education to take its share of the social capital market. It's time to start running on the engines of the economy, not just the fumes.

**FIVE STEPS TO IMPACT SELLING**

At Mission Measurement, we follow five basic steps that allow us to take advantage of the social capital market.

**Know your outcomes.** Buyers in the social capital market value the outcomes you can deliver, not your activities. This is a tough habit to break because all the conventions of fundraising today—including the “case for support”—are based on explaining what we do.

**Know your customers.** Most of what we traditionally know about donors, such as past giving habits or general interests, is not likely to work in the social capital market. To learn everything you can about your impact buyers, you'll have to conduct market research with a much broader set of stakeholders to determine their goals, what they value, and their “need to buy.”

**Develop and test your value propositions.** Once you think you know the value propositions that will resonate best with the people who most need what your institution produces, you need to test those propositions. Market testing is more common in the private sector, but it works just as well for higher education institutions. This means a different kind of conversation than you've likely had before with donors, which involves getting beyond discussions about general interests and instead focuses on their personal or professional goals and objectives.

**Refine your value propositions.** Now that you have insights about how your value propositions are resonating with your potential impact buyers, it's time to reframe your offerings and find new ways to reach donors.

**Sell your new offer.** Finally, take your newly refined value propositions and make your case to your customers—from corporate funders to alumni. It's your job to show them the value of your institution. If you don't do it, no one will.

**FOUR PAIN POINTS TO ALLEVIATE**


Your institution is already producing social impact outcomes that have real value to many potential donors. Throughout my work with the higher education, corporate, philanthropic, and government sectors, I've found four main areas in which universities and colleges are uniquely suited to innovate:

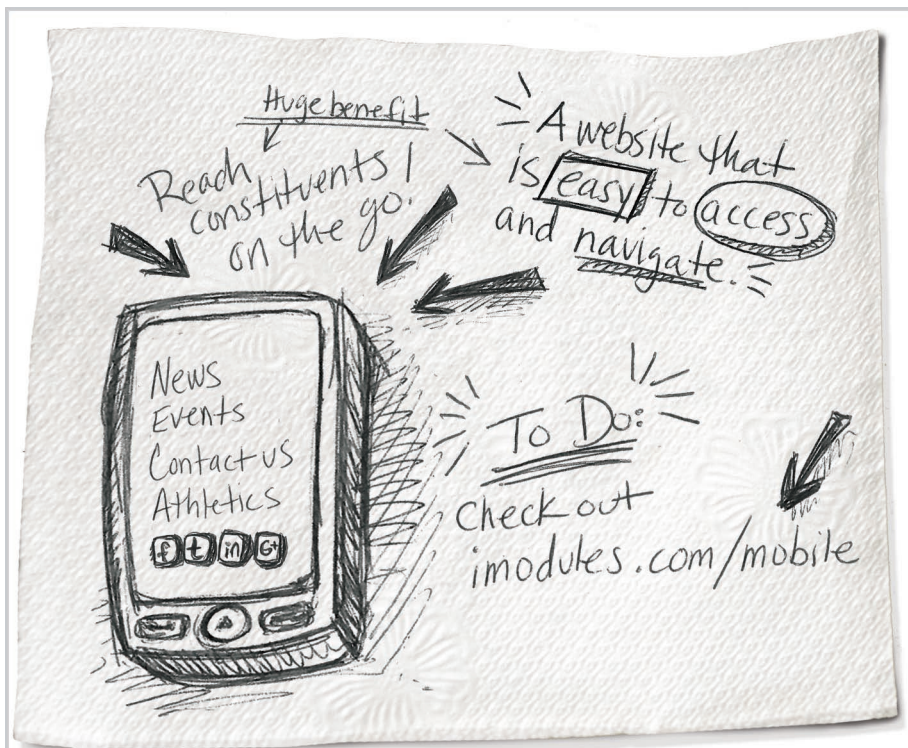
**Talent pipelines.** Despite the increase in college graduates in recent years, many companies, such as IBM, are struggling to train new employees who come to the company without the necessary skills. Travelers Insurance was having such a hard time finding qualified personnel that it set up its own school to train the people it needed.

**Access to research.** Many companies and institutions are currently benefitting from the research that higher education is producing. They are already customers, but they aren't paying the full freight. As government funding for academic research declines, finding new ways to fund your research—without compromising its integrity—will be essential.

**Career advancement.** Alumni care about their own professional and personal development, and you have access to thought leaders, enriching classes, and a high-power network. You can provide alumni with something they truly value.

**Serving untapped markets.** Reports of the death of middle-skill jobs have been greatly exaggerated. In fact, today middle-skill jobs (such as healthcare workers, paralegals, electricians, or computer technicians) account for 45 percent of all job openings, yet few young people are being prepared for them. There is a tremendous opportunity for any institution that can offer education and vocational training for students interested in middle-skill employment.

These ideas are just the tip of the iceberg. Higher education institutions are producing countless outcomes that could be sold on the social capital market. Tapping into this \$7 trillion market requires vision and an innovative spirit. Colleges and universities that do that will not only survive but thrive. 



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