

California State University, Fresno
Commission to Plan for the Future of University Development
Restated Charge Review
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Work Stream Assignment: Restated Charge 8

What core advancement services — accounting, receiving, receipting, prospect research, reporting tracking and stewardship — are necessary to support appropriately the university's investment in development?

Work Stream Participants

- John Gomes, Leader
- Honora Chapman, Team Member
- Steve Spriggs, Team Member
- William Massey, Advisor

Work Stream Review Methodology

Interviews were conducted with the Advancement Services and Development team (Dr. Peter Smits, Kent Clark, Ellen Jamra, Alex Perez) and the Stewardship office (Leticia Cano) to understand the systems, process and people utilized by the university and Advancement Services to support donor cultivation, tracking, reporting and stewardship. While it was not possible to research the detail around all of the support mechanisms and procedures currently in place, sufficient information was derived from these interviews to understand the general capabilities that exist and where opportunities lie for creating an infrastructure necessary for supporting the university's stepped-up development activities into the future.

It should be noted, that while Advancement Services and Development, including the Directors of Development (DOD's), in large part drive the university's development activities, there are a number of people and entities outside of Advancement Services and Development that contribute significantly to these activities. These include the deans, their administrative staff, the Foundation staff, the Stewardship office and the Athletic department, just to name a few. It was not possible to conduct interviews with all of these stakeholders but information was obtained from the staff of Advancement Services, Development and the Stewardship office to understand how these groups affect and are affected by development activities.

Additionally, Online research was also conducted with respect to two major systems utilized by Advancement Services/Development and Athletics, SunGard's "Advance" system and Comcast-Spectacor's "Paciolan" system, to understand the business space that these solutions serve and the functionality that they provide. Both were found to be "industry standard" solutions that are utilized by top-tier universities.

Findings

One of the keys to achieving an organization's business objectives is finding the correct balance between systems, process and people and ensuring that they are aligned with the organization's goals

so that success can be achieved. In conducting interviews with the Advancement Services, Development and the Stewardship office, these elements—systems, process and people – were probed to understand the degree to which balance and alignment were evident across the university is supporting the development activities. Following are the key findings:

Systems

- The SunGard Advance system is a comprehensive solution used by Fresno State to manage its fund raising, alumni relations and development programs. It is utilized by such top-tier universities such as Tulane and Auburn. The Advance system maintains the university's alumni and donor information (estimated to be 260,000 alumni and 140,000 non-alumni donor) and contains all such data as would be necessary to track contact information, demographic information, school affiliation, year graduated, life-to-date donation information and the like.
- The Advance system is also used to log the receipt of a donation from a donor for a specific university benefit. Donation information is accumulated life-to-date for donors so that it is easy to see the life time contribution that a donor has made. As a result of the donation logging activity, the system generates a daily report of donations received, which is made available to DOD's or individuals responsible for the area in receipt of the donation to affect their Stewardship activity. The system also generates the necessary donation receipts that are sent to donors for tax purposes.
- Underlying the Advance system is a relational data base (currently Sybase), which allows for easy access to and systematic evaluation of donor and potential donor information. Additionally, it is possible to purchase outside data (such as demographic and wealth information) and append it to the Advance data base so as to identify the potential "giving" profile of a graduate or prospect in the Advance data base. This capability has been used on occasion to facilitate targeted donor cultivation as part of the Comprehensive Campaign.
- The Advance system also supports a prospecting and reporting module that manages donation opportunities, as well as stewardship programs. It appears that elements of the system's stewardship management capabilities are not used consistently. For example, it was found that only the individual in the Stewardship office actually updates the system to note that a "thank you" letter was sent to the donor.
- The Advance system is at a relatively current application release level (v9.3) but is in need of a data base upgrade (from Sybase to Oracle), as SunGard has announced discontinuance of Sybase data base support. The cost of this upgrade is estimated to be \$150,000 which includes a software license of \$120,000 and a professional services implementation fee of \$30,000. Without this upgrade, Advancement Services will be left with unsupported data base version of this critical system after the end of the year.
- The other major development system utilized for Athletic Department development activities is software from Paciolan, which is a wholly owned subsidiary of Comcast-Spectacor. The major focus of the Paciolan solution is to facilitate the automation of ticketing, though it also supports marketing, fundraising and management of customer relationships activities, as well. Again, this system is utilized by top-tier universities such as BYU, Kansas State and Tennessee and appears to be very comprehensive in its functionality to support ticketing and fund raising activities. While it appears that the Paciolan system is used by the Athletic department to effectively support its development activities, the DOD for Athletics also has access to the Advance system to log his development efforts.

- Data base synchronization occurs between the Paciolan data base and the Advance data base to update specific donor information. However, this synchronization occurs only monthly, which allows for gaps in information between the Paciolan data base and the Advance data base during intervening time between updates. Additionally, synchronization is only one way from Paciolan to Advance, which results the donor information on the Paciolan system to be inaccurate if donor information is updated first on the Advance system.

Processes

- Advancement Services maintains the Advancement Services Policy and Procedure manual that specifies the processes to be followed for managing the stewardship of private support. All cash gifts must be opened under dual control and sent to Gifts and Records Processing (a function within Advancement Services) with the appropriate paperwork to ensure accurate reporting and acknowledgement.
- The Advancement Services Policy and Procedure manual was reviewed to understand the processes and procedures that are to be followed in handling of donations. The manual was found to be extremely comprehensive and covered such topics as:
 - Gift acceptance
 - Gift and pledge definitions
 - Responsibilities and procedures for proper handling of gifts, including receiving, recording and acknowledging gifts and pledges
 - University gift policies
 - Applicable Internal Revenue Service rules
 - Procedures for creation of endowments
 - Requirement for naming opportunities
 - Gift recognition levels
- In discussing the Advancement Services manual with Dr Smits and the Advancement Services team, it is clear that the processes defined in the manual are well-founded have been thoroughly audited both in terms of appropriateness and adherence. Ongoing training should occur to ensure that new staff or existing staff assigned to donation and gift handling positions have a complete understanding of the policies and procedures associated with this critical activity so that ongoing compliance can be maintained.
- A "Gift Acknowledgement" procedure is also documented in the Advancement Services Policy and Procedures manual to support the University's stewardship program. This procedure appears very comprehensive but does require manual intervention and follow-up to ensure its execution. DOD's are able to obtain a donation report from the Advance system to facilitate stewardship and creation of "thank you" letters, but other areas that do not have an assigned DOD do not consistently get that information, Consequently, some donations just receive a system-generated "thank you" card or possibly no "thank you" at all. Although the Advance system is able to track the fact that a "Gift Acknowledgement" was actually fulfilled, it is used only by the individual in the Stewardship Office and, therefore, it is not always possible to ensure that the "Gift Acknowledgement" actually took place. Following is an excerpt from the manual that specifies the "Gift Acknowledgement" procedures:

1. Basic principles

- a. *All gifts are receipted. Most gifts have computer-generated receipts that include a thank-you message from the University President.*
- b. *Gifts-in-kind are acknowledged by letter, describing the gift but without any reference to a value. For Memorial and In Honor Of gifts, donors are receipted and additionally, the family or person in whose name the gifts are given will receive a letter/card from the Stewardship Office noting the names of donors, without dollar amount. If it is a memorial that receives a large number of gifts, the notification to the family is sent at least weekly.*
- c. *See section on Securities to see procedures for acknowledgment.*
- d. *In addition, for gifts of \$500 or more, personal letters are sent, as follows:*
 - i. *\$ 500 - \$9,999 letter from dean or program director*
 - ii. *\$ 10,000 or more letter from the president as well as dean/director*

2. Additions and exceptions

- a. *The President personally acknowledges all gifts to the President's Fund.*
 - b. *Schools or departments may choose to send personal letters at lower gift levels.*
 - c. *Directors of Development may also write to donors with whom they have a special relationship.*
 - d. *Foundation Governors and campaign volunteers will be enlisted to telephone or write to donors of significant gifts.*
- DOD's and/or other individuals assigned to development activities (for example, deans and his/her staff) are required to use the Advance system to log, report and monitor their development efforts. For DOD's, regular use of this system is a performance measurement criteria to reinforce the importance of its use. In discussing the use of the system with Advancement Services staff, it was found that while the DOD's are consistent with their use of the system, other areas that are not direct reports into the Advancement/Development organization may be less diligent. In fact, it was found that some individuals choose not to use the system for a variety of reasons and, instead, keep their donor information on a spreadsheet. One member of the Advancement Services staff characterized the phenomena as "institutionalized resistance" and explained that when the responsibility for logging development activities is handed down to new employees, existing staff encourages them not use the system. This situation not only makes it difficult to keep accurate donor information on the Advance system, it also poses a very large risk for the university with respect to protection of non-public donor information, as these spreadsheets might exist on local files that could be compromised. It was also noted that the university President is probably the most diligent about using the system and promptly inputs his updates as soon as a donor encounter is completed.
 - The Athletic department logs its development and donor ticket activity into the Paciolan system, but time was not available to probe their use of that system to any large degree. What was noted, however, is that the DOD (which is assigned directly to Athletics and does not report to the VP of Advancement) has access to the Advance system but is not under the same performance measurement guidelines to use the system as the other DOD's. Additionally, an update from the Paciolan system to the Advance system occurs on a monthly basis, but this appears to be only donor demographic information and not necessarily the development efforts that have taken place with the donor opportunity. This leaves an information gap in current Athletic donor information on the Advance system and a potential void as to the development efforts being undertaken by Athletics.

- As part of the Advance system, it is possible to name the primary individual responsible for managing the donor opportunity. This allows for clear definition of a single individual to manage the donor relationship so that multiple individuals are not soliciting the same donor at the same time. Additionally, there is an opportunity to list secondary individuals that may also be engaged in with the donor relationship management so that a "team" approach can be taken for "major-gift" or high-profile donors. It appears that the process to name the primary and/or secondary relationship officer is not formalized and not always done.
- The process to perform donor research improved during the duration of the Comprehensive Campaign. Initially, queries of the Advance data base were done to identify potential donors based on previous giving, age, school affiliation and the like. During the Campaign effort, outside data bases "containing wealth and psychographic data were obtained and appended to the Advance data base to hone in on specific clusters of potential donors. This targeted approach resulted in a lists of highly-qualified opportunities that could be worked by the DOD's. Additionally, the targeted list also revealed that we have sizable donor opportunities in specific geographic regions — San Diego, Los Angeles and the San Francisco Bay area that can now be exploited.
- It was also found that staff limitations have caused the Research activity to be reactionary, rather than pro-active. The one individual responsible for research basically takes "on demand" requests from the President, VP of Advancement and the DOD's, which effectively takes up her entire work day. This leaves little or no time to focus on pro-active research.

People

- Advancement Services, Development and DOD staffs have been impacted significantly by the State's budget issues. Specifically, the Development resources head count in 2005 was 39; during the period 2007-2009 it was 67; and current (2011) head count is 49. The Advancement Services and Development staffs have been asked to do more (in the form of the Comprehensive Campaign) with less people and have performed admirably given that they have achieve 82% of the Campaign goal (\$164 million attainment versus \$200 million goal) with approximately one year remaining in the campaign.
- There are several colleges that are operating with a partial DOD or no DOD at all. These include the Lyles College of Engineering, College of Science and Mathematics, the Kremen School of Education and the College of Social Sciences. Additionally, there are other units with donor opportunity that have no development support at all. These include the Smittcamp Honors College, the Maddy Institute, the Lyles Center, Graduate Studies and Academic Affairs. Finally, there are several additional donor opportunities that, according to the VP of Advancement, are not addressed at all, such as Parent and Student Giving.
- Having an insufficient staffing levels results in not only dollar goals not being met, but also procedures not always being followed (both with respect to Advancement Services Policies and Procedures and the use of the Advance system) when donations come into areas that have no Development resources assigned.

- Corporate and Foundation giving, which seems to be a significant donor opportunity, is given only partial focus with less than one FTE actually allocated to this giving segment. It was estimated by the VP of Advancement that approximately \$5 million in donations are missed annually because there are simply not enough resources to craft the required grant response in order to apply for these corporate foundations donations.
- Currently, there is one FTE allocated to the donor data base research function. Additional support in this area could generate additional qualified donor leads that could be pursued by DOD's and other development officers, assuming DOD capacity exists, which currently it does not.

Summary & Recommendations

In reviewing findings from interviews with the Advancement Services, DOD's and the Stewardship office, it appears that the university has the right systems, process and people, but not necessarily the appropriate number and in the right balance to support a stepped-up development effort well into the future. Following are some suggested recommendations to better align these elements:

Systems

- The Advance system's data base is in need of an upgrade to the Oracle data base at cost of \$150,000. This system, which is a technical foundation of the university's development program, is very solid and should be kept current in order to ensure long-term support by SunGard.
- It appears that the Paciolan system's best use is as a ticket management solution. Ticket donor information that is logged in that system should be updated to the Advance system on a daily basis, rather than monthly. In this way the most current donor information can be available on the Advance system. Conversely, any donor name and address information changed on the Advance system for a ticket donor should also update the Paciolan system so that the donor ticket information is also kept current on that system.

Process

- While DOD's are required use the Advance systems, it is not necessarily used by all people involved in development activities. The Advance Policy and Procedures manual should be updated to require all individuals performing development and donor cultivation functions must use the Advance system to report their development activities. Additionally, the practice of keeping donor information on local spreadsheets should be stopped in order to ensure the protection of donor information.
- The process to name a Primary donor relationship officer should be reviewed to ensure that a Primary officer is assigned to all donor opportunities, particularly high-profile donors. This would include donors that are recorded on the Paciolan system managed by Athletics, where the crossover of donors could occur. This will avoid any possibility of a donor being called on by more than one entity from the University.

- An ongoing training program should be implemented (if not in place already) to ensure that all individuals involved in donor activities clearly understand the:
 - Required use of the Advance system
 - Cash Gifts reporting (donations) procedures
 - Stewardship procedures
- The Gift Acknowledgement and Stewardship procedures should be reviewed to determine if opportunities exist to improve the efficiency of the process. It is clear that the university has a sound Gift Acknowledgement policy, but it appears that fulfillment (notification, letter creation, • etc.) is accomplished with manual efforts by the Stewardship office, DOD's, deans and their administrative staff. In order to support donor growth into the future, a scalable infrastructure should be in place to support the Stewardship program.

People

Staffing and human resource utilization was the largest topic of discussion in all interviews conducted. What is clear is that there are an insufficient number of DOD's and administrative support to manage the donor activities for all of the colleges and divisions that generate donations. While it is not the charge of this committee to evaluate staffing levels, we would be remiss if we did not acknowledge the need that was expressed. Based on this, the following is suggested:

- A DOD and administrative assistant should be assigned to each of the eight colleges/schools, the library and Athletics. In addition, DOD support should be provided to the Smittcamp Honors College, the Lyles Center, the Maddy Institute, Graduate Studies, Academic Affairs and Scholarship and Parents/Student giving.
- Additional resources should be focused on Corporate and Foundation giving, as there is a clear opportunity to receive donations that are currently bypassed due to the lack of resources. Additional resources should also be allocated to Planned Giving.
- Additional research resources should be considered so as to do a more pro-active cultivation of donor opportunities that reside in the Advance database. The single individual responsible for this critical activity is simply responding to "on-demand" requests and is unable to look for donor opportunities that are less evident in the database.
- Resource allocation in the Stewardship office should be examined to ensure that there are sufficient personnel to handle the demands of a growing donor base. Stewardship is the cornerstone of an effective donor program and an effective, scalable program is a requirement to grow donations.

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Recommendation

For Fresno State to have a sustainable and scalable infrastructure in which to support a larger Development objective, it must have the correct balance between systems, process and people and ensure that they are aligned with the University's goals so that success can be achieved. From our evaluation, Fresno State's core advancement services seems to have the right systems, process and people, but not necessarily the appropriate number and in the right alignment to support a stepped-up development effort well into the future. Following are our recommendations:

Systems

- The Advance system, which is at the technical foundation of the University's development program, is very solid and should be kept current in order to ensure long-term support by SunGard. At the present time, an upgrade of the system's data base (from Sybase to Oracle) is required at an estimated cost of \$150,000. Failure to complete this upgrade by the vendor's required timeframe could put result in alumni and donor data to be at risk, or worse, lost.
- The Paciolan system, which is used by Athletics for ticket and donor fund raising management, currently provides monthly updates to the Advance system so that donor information can be consolidated onto the Advance system data base. This update should be done daily so that donor information is kept current on the Advance system. Additionally, any ticket donor name and address information changed on the Advance system should reciprocally update the Paciolan system so that the donor ticket information is kept current on that system.

Process

- While DOD's are required use the Advance systems, it is not necessarily used by all people involved in development activities. The Advance Policy and Procedures manual should be updated to require all individuals performing development and donor cultivation functions must use the Advance system to report their development activities. Additionally, the practice of keeping donor information on local spreadsheets should be stopped in order to ensure the privacy and protection of donor information that could be compromised on an individual's laptop.
- The process to name a Primary donor relationship officer should be reviewed to ensure that a Primary officer is assigned to all donor opportunities, particularly high-profile donors. This would

include donors that are recorded on the Paciolan system managed by Athletics, where the cross-over of donors could occur. This will avoid any possibility of a donor being called on by more than entity from the University.

- An ongoing training program should be implemented (if not in place already) to ensure that all individuals involved in donor activities clearly understand the:
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People

It is clear that there are an insufficient number of advancement services, research, stewardship, DOD and administrative support staff to manage the donor activities for all of the colleges and divisions that generate donations currently. This situation will become exacerbated as the university targets a greater percentage of funding from the private sector. It was not the charge of this subcommittee to evaluate staffing levels, so we will defer recommendations to other subcommittees that have that assignment.