



# INDIANA UNIVERSITY FOUNDATION

## **FY2021–24 Strategic Plan**

### ***Preface: Increasing the Number and Depth of Relationships That Help Maximize Private Support for Indiana University***

The strategic plan is based on extensive input from IU Foundation (IUF) staff, IU development staff, IU unit and campus leaders, and a large-scale survey of donors. At the same time, we were disciplined and distilled a vast amount of information to a handful of important objectives and to concrete actions that would have the greatest likelihood of achieving them.

We believe the plan is a living document that should be revisited on an annual basis and updated as needed to respond to anticipated/emerging changes in the needs of the university and the fundraising environment. The importance of plan flexibility cannot be overstated. At the time of this writing (summer 2020), the nation and world remain shrouded in uncertainty brought on by a global pandemic. There is no clear consensus regarding the scope, severity, and duration of the effects of this crisis when it comes to philanthropic support to universities. And the uncertainties facing the nation from the pandemic are compounded by the growing recognition of the need to address a range of racial/social injustices.

Against this backdrop, the plan represents our informed and careful judgment. Certainly, the specific conditions we now face, and the rapidity and significance of their consequences were not expected. However, some of their effects on the university and fundraising were anticipated in a general sense during the planning process. The thought that went into the plan is already paying off as we were able to immediately respond to sudden needs facing the university, our fundraising partners in the academic units, and our donors. We are confident that the deliberate yet nimble IUF culture that underpins the 2021–24 plan will enable us to effectively execute the actions set forth and in the process, take private support of Indiana University to a new level.

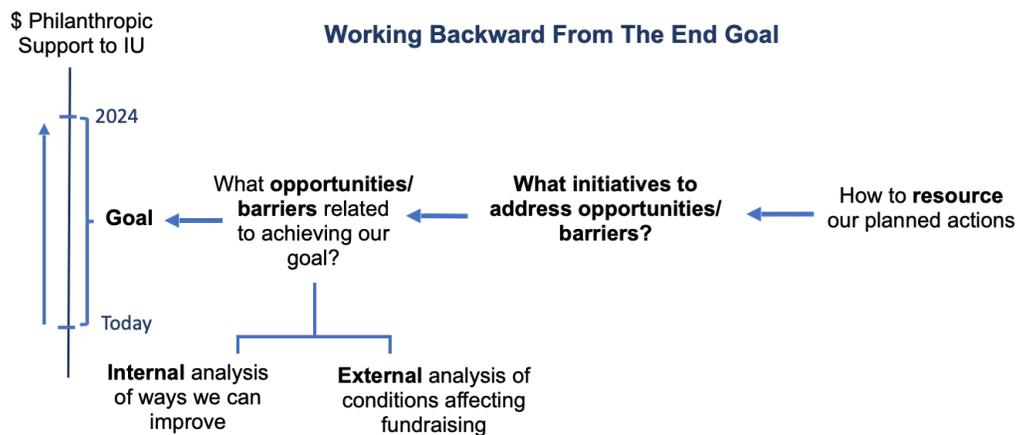
### **Foundations for Our Approach to Strategic Planning**

#### **Principles That Guided Our Planning Process**

- Extensive input from donors, development officers, IU unit leaders, and IUF Board members.
- Donor-centric model focused on relationship development.
- Action-oriented insights and root cause analysis that distinguish between symptoms and the underlying causes and how to address the latter.
- Focus on actions that can be effectively implemented between now and the launch of the next campaign.
- Portfolio of initiatives that balances near-term and longer-term execution and outcomes and does not “rest on the laurels of a successful campaign.”

## Planning Framework

From a planning standpoint, our overall objective is to ensure that the IU Foundation and Indiana University have the **direction** and **capabilities** necessary to enable a **material improvement** in ongoing fundraising performance.



## The IU Foundation Strategic Plan FY2021–24

### Goals and Performance Tracking

Ultimately, strategic planning is about allocating resources where they will have their greatest impact. In developing our strategic plan, we relied on two overarching qualitative goals—our mission and vision—to provide general focus for decision-making. They help determine the scope of initiatives we consider and the criteria that guides how we prioritize our planned initiatives.

#### **Qualitative Goals: Based on Our Mission + Vision**

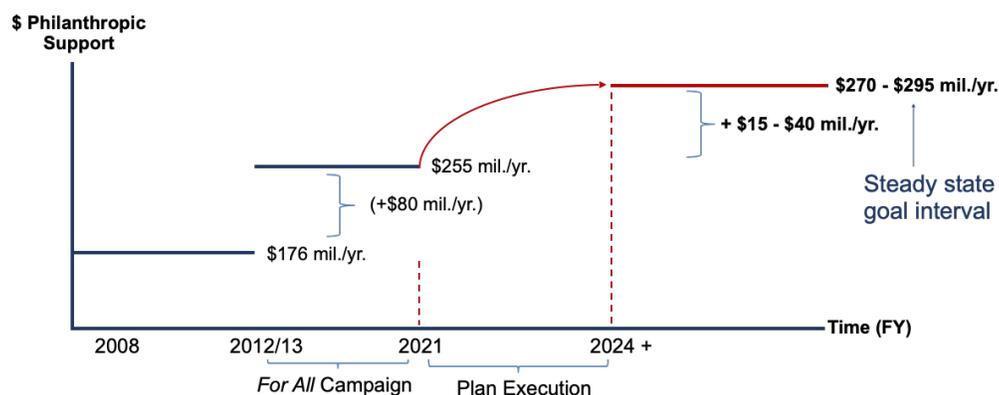
##### **IUF Mission:**

The Indiana University Foundation **maximizes private support** for Indiana University by **fostering lifelong relationships** with key stakeholders and **providing advancement leadership and fundraising services for campuses and units across the university.**

## IUF Vision:

We seek to be recognized as a **leader among our peers in higher education and philanthropy** and to be an **indispensable collaborator** with our Indiana University advancement partners.

### Our Strategic Philanthropic Support Goal



**Important Note:** The red-arrow curve spanning the period between 2021 and 2024 illustrates an important property of our plan—we are not “resting on our laurels” during this period. We have a portfolio of initiatives that vary in the timing of impact on funds raised—many planned actions will have an immediate (within a year after launch) impact on fundraising.

We believe that by 2024, it is reasonable to expect average annual philanthropic support to be in the range of \$270 million and \$295 million (between a 5% and 15% increase compared to FY19/20), or steady-state increase in average annual philanthropy of between \$15 million and \$40 million.

### Relationships and the Road to Our New Steady State: The Underlying Drivers of Philanthropic Support

To be effective, planned actions should address one or more underlying drivers of philanthropic support. These focus largely on creating and managing relationships:

1. **Relationship breadth.** The number of prospective donors who have a meaningful connection with Indiana University is largely a function of meaningful touchpoints throughout someone’s life engagement with the university beginning with their early days as a student.
2. **Consistent personal contact.** There is no substitute for face-to-face donor contact by university staff, such as frontline major gift officers and academic unit leaders. The level of contact can affect both the probability of securing a major gift and gift size.
3. **Awareness of the importance of philanthropy.** Donors, regardless of giving level, want to feel that their support will make a difference to those we serve. However, the impact of philanthropy is often not highly visible, so creating awareness of its importance requires deliberate effort. This is critical for securing initial and repeat annual gifts as well as major gifts.

4. **Compelling ideas expressed in donor-centric ways.** Major gift donors seek to make a difference to IU and to those we serve. The ideas we bring forward for support need to be expressed in ways that are tailored to the motivations of the respective donors we approach.
5. **Demonstrated impact.** While initial gifts may be secured via compelling ideas articulated in a way that implies that the impact a donor seeks to have will occur, securing subsequent major gifts requires that donors see/experience the impact of their support.

### **Relationship Management: Tracking Our Annual Performance**

As noted, our strategic goal of average annual philanthropic support represents a steady-state target by 2024. At the same time, there are widely accepted indicators related to multiple aspects of relationship management that we will track annually: (1) philanthropic support and (2) donor engagement activities by gift officers that help secure that support. Our annual performance on these metrics will be tracked and compared to benchmark data from the top quartile of 22 peer universities (those that are of comparable size, history, and fundraising sophistication). (see Appendix 1)

## **Situation Analysis: Opportunities and Barriers to Achieving Our Strategic Goal**

### **External Analysis**

#### **General Conditions Affecting Fundraising at IU**

1. **The COVID-19 Pandemic:** While there is much speculation regarding the fundraising impact of COVID-19, a recent large-scale survey of university development professionals provides a proxy consensus based on well-informed expectations for FY21. \*
  - a. **Immediate double-digit decline.** For FY20, 41% of institutions are expecting fundraising declines of 10% or more with 20% of respondents expecting declines in excess of 20%; expectations for FY21 are shaping up to be as bad or worse.
  - b. **Declines vary by gift size.** For gifts below \$1M, most projections clustered in the 10 – 19% decline range. For gifts above \$1M, though, expectations of 20%+ or 30%+ revenue declines were common. While IU may see this effect, our strong planned giving team/strategy may be able to blunt this “near term wealth effect” somewhat since planned gifts are less dependent on current economic conditions than cash gifts.
  - c. **Donor visit impact.** Nearly 20% of the institutions are projecting 30%+ declines in FY20 visit counts. At IU, we have maintained a high level of donor engagement via Zoom such that total “donor visits” have remained consistent with previous years. [\\*https://eab.com/research/resource/advancement/what-110-advancement-leaders-think-lies-ahead-for-university-fundraising-during-covid-19/](https://eab.com/research/resource/advancement/what-110-advancement-leaders-think-lies-ahead-for-university-fundraising-during-covid-19/)
2. **Financial pressure on universities—Implications for fundraising under the Responsibility Center Management model:** Early evidence suggests that IU may not face the same degree of hardships as other universities. However, under an RCM model, IU’s academic units are under increased pressure to reduce operating costs and increase revenue. The positive impact of philanthropic support often does not have a material near-term effect on unit-level financial statements. As such, to meet near-term budget constraints, unit leaders may be tempted to reduce investment in

fundraising thus risking the long-term value that arises from investments in fundraising.

3. **Succession planning and hiring/retaining staff:** While bonds between prospective donors and the university are created and maintained by many different people, stability/longevity of major gift officers is critical. Given the well-publicized trend of more philanthropic dollars flowing toward higher education, we can anticipate growing competition to attract and retain world-class fundraising talent. The success of IU's *For All* campaign has received widespread attention and we will be a natural target for "fundraiser poaching." Related, the IUF has many staff (30 – 40) who will be entering the retirement window over the next 3 to 5 years.
4. **Student debt and first-time gifts:** A culture/habit of giving is an act we seek to instill early in the lives of our graduates—we know that more than 90% of major gift donors began years earlier with more modest annual gifts, which gradually increased over time. In recent years, IU has emerged as a nationally recognized leader in reducing student debt. Still, we are seeing evidence that alumni burdened with debt postpone giving and, in some cases, harbor resentment toward their university, which may threaten longer-term giving.

### **Conditions Related to Donor Interests and Expectations**

1. **The growing role of technology in all aspects of philanthropy:** For major gifts, we can expect one-on-one personal communications to remain central to developing relationships and ultimately securing gifts. In terms of mass communications, donors expect a personal feel. At least seven Big Ten universities have adopted or initiated RFPs for marketing automation software to improve their ability to deliver tailored communications to donors. Related, donors increasingly seek a seamless experience in giving online.
2. **Evolving expectations of demonstrated gift impact and accountability:** Obtaining the first major gift, and especially subsequent gifts, from a given donor rests largely on demonstrating impact. Today, major gift donors want to know what "their" students did with their lives after graduation and what impact these scholarship recipients are having on the world. The same will be true for all forms of major gifts, including those for facilities, academic programs, centers, and so forth.
3. **Diverse donor demographics:** Much has been written about the growing diversity of donors and the need for greater diversity among members of the fundraising community. Thanks in large measure to the creation of and work done by our giving circles (WPLC, BPC, and QPC), we have compelling evidence of the impact of being more deliberate in how we approach an increasingly diverse prospective donor population.
4. **Aging donor population and skeptical younger generation:** In the 1980s, more than 70% of IU donors were under the age of 40. This has now fallen to 33%. Of particular concern is a potential generational shift in attitudes toward supporting higher education. As tuition and student debt have risen, 75% of millennials say they would give somewhere else before giving to their alma mater.

### ***Internal Analysis: Our Strengths and Ways That We Can Improve***

1. **Gift officer productivity:** Fundraising success ultimately depends on the number of major gift prospects under management and the level of engagement fundraisers have with those prospects. Assuming a prospective donor is well-qualified, the level of engagement affects the size of gift requests and the ultimate size of gifts secured.
2. **“Campus-located” approach to staffing major gift officer positions:** We have long taken a “campus as home base” approach to staffing (e.g., fundraisers hired for the Kelley School in Bloomington are based in Bloomington). In contrast to this approach, many universities have major gift officers stationed in cities where large numbers of attractive donors are located (e.g., New York, Chicago, and the Bay Area). This approach has multiple benefits, including minimized travel, major gift officers know the subculture of those regional geographies, and fundraisers located in the field can represent multiple IU units and, thus, the cost of supporting such development officers can be shared across units represented.
3. **Alumni are positive about their experiences at IU—How to convert happiness into participation:** Our alumni participation rate (alumni who contribute as a % of total alumni) is 8.2% compared to 10.4% for the second quartile of peers and 22.3% for the top quartile. This may be partially explained by the absence of an intentional strategy related to creating awareness of the role philanthropy plays in all aspects of the student experience at IU.
4. **New roles for technology to help us better understand donor interests to improve the overall giving experience:** In the *For All* campaign, we benefited greatly from the use of new analytics software. While we made significant upgrades in this area, many peer universities are adopting more advanced systems with considerable success.
5. **Uncoordinated and “over” communication with donors:** Across IU, a staggering 16 million emails are sent per month. As a result, our outreach efforts are often simply ignored, and worse, we risk having alumni/prospects opt out and ask to be put on the no contact list. This is of particular concern given the growing importance of online giving—we depend heavily on direct mail and email contact to drive donors to our website to complete their gifts.
6. **Creating a culture of proactive innovation and greater comfort with change:** The IUF culture is strong on many dimensions. However, we must do more to ingrain innovation and adaptability across all levels of our organization. We need to train our staff on how to identify “breakthrough opportunities,” to actively encourage innovative thinking, and to embrace changes in established practice.
7. **Better alignment between the “responsibility for results” and “management of resources” necessary to achieve successful outcomes:** While the IU Foundation is “accountable” for achieving fundraising goals, we have limited control of many of the resources necessary for achieving them. Most major gift officers are on the payrolls and under the oversight of various academic units. There is considerable variance in terms of the guidance they receive from their leaders, which has led to multiple “work-arounds” to accomplish basic operating activities. If our goal is to perform to our potential, creating better alignment between responsibility and resource control will be important.
8. **Organizing the IUF in a more “donor-centric” fashion:** The IUF is largely organized around “functional silos.” Donor satisfaction (and repeat major giving) is driven largely by gift impact, yet no one person or department is responsible for informing

donors about their impact. Impact has two basic components—whether the funds were indeed spent as intended (handled by the Administration department) and whether their use had the outcomes donors sought to achieve (handled by Donor Relations). We can improve both our efficiency and effectiveness in meeting/exceeding donor expectations by making back-office adjustments.

## **Objectives and Priorities for FY2021 – 24**

### ***Our Principles for Enduring Excellence***

- **We are committed to diversity, equity, and inclusion.**
- **We live and work our values.**
- **We build strategic capabilities.**
- **We encourage a culture of being proactive and nimble.**
- **We reinforce a culture of “experimentation” and sequential investment.**
- **We apply analytical and dispassionate decision-making.**

### ***Criteria for Determining Where to Focus Our Resources—All Objectives Must:***

1. **Have clear impact.** Have a meaningful direct or credible indirect impact on one or more of the key drivers of securing private support (e.g., quality of donor relationships, average gift size, donor satisfaction, etc.) for Indiana University.
  - a. Clarification note: Direct impact example: Hiring additional major gift fundraisers. Indirect impact example: Investing in technology that will help gift officers be more productive.
2. **Address opportunities/barriers.** Initiatives we pursue must address one or more of the conditions that create opportunities for or barriers to achieving our philanthropic support goals.
3. **Align with IUF capabilities.** Leverage existing IUF capabilities or provide the opportunity to create/acquire new strategic competencies that are expected to be critical to fulfilling our mission in the future.
4. **Be fiscally responsible.** Have a high likelihood of an attractive resource-to-outcome ratio.

### ***Objectives***

#### **Objective 1: Improve donor insight, service, and satisfaction.**

1. Create a new “capability” within the IU Foundation that focuses exclusively on “advanced” gift impact analysis.
2. Lead a team composed largely of our IU fundraising partners to craft a clear action plan for more coordinated, donor-centric communications.
3. Explore IUF reorganization that creates clear responsibility for donor satisfaction.
4. Lead a team composed of “student-facing” partners from across IU to develop and execute a strategy for increasing student lifetime engagement.
5. Create a cross-functional digital experience team charged with improving and coordinating all aspects of our digital interface with donors.

6. Develop an action plan for investing (funds and talent) in emerging technology related to “donor insight” in partnership with IU’s Luddy School of Informatics, Computing and Engineering.

### **Objective 2: Prepare IU fundraising partners for our third century.**

1. Work with our IU partners to create fundraising improvement solutions tailored to each unit’s needs.
2. Create methods and build capacity to help our IU partners develop and successfully pursue transformational giving opportunities.
3. Increase the number of shared cost full-time major gift officers.
4. Explore new career paths to grow future fundraising talent and expand the university’s productive personal relationships with constituents.
5. Run a three-year trial of locating major gift officers in geographic centers of highest concentrations of major gift prospects.
6. Lead a review of “lessons learned” from the *For All* campaign and create a series of forums for sharing and applying best practices.
7. Lead a team charged with crafting options for improving the linkage between “responsibility for fundraising outcomes” and “management of resources” to achieve outcomes.

### **Objective 3: Improve diversity related to staffing and relationship development with diverse donor communities.**

1. Increase the diversity of the IUF intern and Regional Development Team programs to ensure a pipeline of diverse talent in all areas of our organization.
2. Create a mentorship program to ensure that diverse employees are highly engaged with their IUF colleagues and in the IUF mission.
3. Develop additional education programs for IUF staff and IU advancement staff related to effective engagement with our diverse alumni and friends.
4. Continue to diversify the IUF Board, senior leadership team, and staff to be more representative of our evolving student/alumni population.
5. Develop/execute an action plan for maximizing the impact of our diversity giving circles.

## **Resourcing Our Initiatives**

### ***Sources of Financial Resources: Blend of “Sequestered Funds” and New Funds From Budget Growth and Reallocation of Resources***

At the October 2019 IUF Board meeting, the Finance Committee agreed to allocate \$4 million from Pooled Short-Term Fund proceeds to support the launch of strategic plan initiatives. As with the new initiatives we undertook in conjunction with the *For All* campaign, for those requiring financial investment in the strategic plan, we will make judicious sequential commitments using a blend of sequestered funds, funds freed up from internal reallocation, and funds from growth in our operating budget.

### ***Our Plan for Reallocation of Resources***

The IUF President and Executive Vice President of Finance and Operations will lead a thorough review of activities across the IU Foundation, to include:

- **Initiatives undertaken during the *For All* campaign to assess effectiveness and efficiency.**
- **Core services provided to the IU development community to assess staffing adjustments.**
- **Our ongoing programmatic initiatives against new initiatives in the strategic plan.**
- **Reporting lines and department structures to identify more effective/efficient ways to accomplish our goals.**

## **Implementation and Next Steps**

### ***The Scope of Implementation: Managing a Balanced Portfolio***

Implementation for all initiatives began in October 2020 following the close of the campaign and plan ratification by the IUF Board. The initiatives that comprise the plan should all be fully launched and at or near a steady state by the close of the plan horizon (end of FY 2024). We have created a balanced portfolio of initiatives that vary in terms of organizational innovativeness or “strategic change,” i.e., the degree to which the IUF will need to modify current organization structures, acquire new technological or human resources, and otherwise move beyond current practices. As such, the initiatives that comprise our plan vary in terms of the duration of their respective “ramp-up” periods.

### ***Tracking Implementation Progress***

Beginning in February, at each IUF Board meeting, we will present an update to the Long-Range Planning Committee (LRPC) on the state of implementation on all planned initiatives. Of the 17 planned initiatives, 8 have relatively short ramp-up periods. For these, we expect to report on immediate “concrete” implementation progress. In contrast, 9 initiatives will require the development of more formal implementation plans. For each of these initiatives, members of IUF Senior Management will soon undertake the following initial implementation actions:

1. **Determine if any organizational structure changes need to be made for effective implementation.**
2. **Assign an IUF staff member to be responsible for leading the implementation of each initiative beginning with preparation of implementation plans.**
3. **Work with each “initiative leader” to create an implementation team as needed.**
4. **Approve implementation plans, including timelines, performance metrics, resource requirements, etc.**