

What is Advancement Services – And Why Should We Care?

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The History of Advancement Services (it's a short one!)

- First Ever Advancement Services Track at a CASE District Conference – January, 1990
- First Ever Advancement Services Conference – May, 1990
- First Ever CASE Article on Development Services – 1991
- First Ever CASE Book Dedicated to Advancement Services - 1999

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What *was* the role of Advancement Services?

- To process gifts
- To maintain biographical records
- To issue receipts
- To generate reports

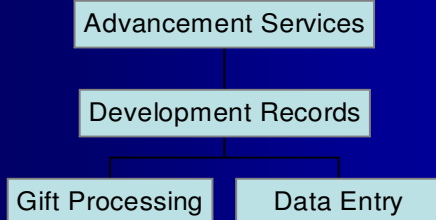
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What *is* The Role of Advancement Services?

- To facilitate fund raising, gift processing, fund management, and stewardship.
- To effectively provide the backbone of the fund raising enterprise.
- To make the fundraiser, and school, look good!
- To keep administration officials out of trouble!
- To understand, and explain, all regulations governing fundraising and gift processing.
- To prepare the organization for a campaign.

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What *was* Advancement Services?



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What *is* Advancement Services?



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Time For A Quiz

- When Advancement Services does not report directly to the CAO, it reports to:
 - a) Controller/Accounting Director/Treasurer
 - b) Director of the Annual Fund
 - c) Director of Alumni Affairs
 - d) Director of Planned Giving
- All are correct! But in order of frequency:
- b, a, d, c

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Basic Functions Needed in Any Advancement Services Operation

- Compliance with rules/laws
- Data/gift entry
- Prospect/Donor Research
- Stewardship

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The One, Major, Advancement Services Function We Cannot, Must Not, Ever Forget:

- Customer Service!!!!!!!
- If we fail here, we fail everywhere
- Old saying from John's Navy Days:
 - One awe shucks (we actually used another word) wipes out 1,000 ataboys

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Why is keeping your donors happy important?

- A Totally Satisfied customer contributes 2.6 times as much as a Somewhat Satisfied Customer
- A Totally Satisfied Customer contributes 17 times as much as a Somewhat Dissatisfied Customer
- A Totally Dissatisfied Customer decreases revenue 1.8 times more than what a Totally Satisfied Customer contributes

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Word Of Mouth Hurts More Than It Helps!

- Every unhappy customer will tell 10-20 other people about the problems they experienced with you
- Happy customers will relay their experience to only 3-5 people
- Impact from a negative experience is up to 4 times stronger than the positive experience!

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For Every Complaint Filed There Are 26 Other Unresolved Complaints or Problems! Advancement Services Is Responsible For Preventing That First Complaint!

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Reminds me of an old Chinese Proverb

- If you want happiness for an hour - take a nap.
- If you want happiness for a day - go fishing.
- If you want happiness for a month - get married.
- If you want happiness for a year - inherit a fortune.
- If you want happiness for a lifetime - help someone else.

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The Role of Advancement Services is to Help

- Help your donors
- Help the donor's accountant
- Help the fundraising staff
- Help the institution's accounting department
- Help everyone keep out of trouble

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Knowledge of Authoritative Sources for Compliance

- IRS (more in a minute)
- CASE
- FASB/GASB
- FundSvcs
- Advancement Services Book
- CASE Management & Reporting Standards
- Ethics

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The Ethics of Development

- Promote the merits of your organization without disparaging other institutions
- Respect and have tolerance for diversity
- Uphold the professional reputation of development officers, and give credit for ideas, works, or images created by others

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The Ethics of Development – Advancement Service’s Role:

- Safeguard privacy rights and confidential information
- Follow the letter and spirit of the law
- Follow endorsed/prescribed ethical standards:

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Ethics Policies (Only Some!)

- Independent Sector Code of Ethics
 - <http://www.independentsector.org/issues/accountability/standards2.html>
- AFP Code of Ethics
 - http://www.afpnet.org/tier3_cd.cfm?folder_id=897&content_item_id=1068
- Donor Bill of Rights:
 - http://www.afpnet.org/tier3_cd.cfm?folder_id=898&content_item_id=9988
- ePhilanthropy Code of Ethics
 - <http://www.ephilanthropy.org/site/PageServer?pagename=ethics>

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Advancement Services Must Also Know the Law

- The buck literally stops in our office
- We have got to stay on top of the constantly changing IRS regulations
- We must educate and inform all advancement officials
- Corporate sponsorship rules are a prime example – new laws issued in 2002
- Must also know what is, and is not, a gift. What sounds good to a fundraiser might be very bad for the institution – and potentially disastrous to your donor

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What Is A Gift?

- A gift is the irrevocable transfer of property or money to a qualified organization and has no donor-imposed conditions, or control.
- It must be voluntary.
- It must be made without getting, or expecting to get, anything of equal value.

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Let's Talk About "Control"

- Once a gift always a gift
 - Cannot give a gift back – 1099s?
 - Retain gift after a restricted program is canceled
- Scholarship recipient selection
 - Donor's involvement
 - Cannot have a majority vote
 - Control based on position/power
- Cannot require institution to take action it otherwise would not take

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A Gift Is Not:

- A payment to an individual (other than by pre-approved grant procedures of a foundation); includes tuition!
- A payment that is conditional on a future event or the substantial probability of return to the donor or another individual(s)
- An involuntary payment on behalf of a charitable organization (e.g., A payment to charity in lieu of court fine.)
- Expenses associated with conveying a gift (appraisal fees, shipping, insurance, etc.)

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Common Gift Myths

- Donation of time or service. While truly a charitable act, only a volunteer's out-of-pocket expenses (mileage, parking, supplies, etc.) may be deducted.
 - FASB/GASB may recognize as an asset
 - Expressly forbidden as a charitable donation per IRS Publication 526
 - Donated advertising space is a "service" per IRS Revenue Ruling 57-462
- The use of a donor's property by a charitable organization (partial interest – IRS Pub 526)
 - Vacation home for charity auction
 - Office space sans rent
 - Use of software

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Quid Pro Quo Issues

- 2005 IRS insubstantial benefit rules
 - Low cost token items
 - Total cost of all items cannot exceed \$8.30 for gifts of \$41.50 or more
 - Must bear the institution's name/logo
 - More substantial benefits
 - Fair market value of all items cannot exceed 2% of amount given or \$83 – whichever is less
- The dreaded 80/20 rule

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What Kind of Trouble Can I Get Into?

- Internal Revenue Code 6700 & 6701
 - Negligently or intentionally providing misleading information regarding gift values can result in severe fines
 - “Gross valuation overstatement” will result in a fine of \$1,000 – “a person furnishing the gross valuation overstatement need not have knowledge that the valuation is overvalued”
 - “False or fraudulent” gift receipts will result in above fine
 - Fines imposed on a **person**
- Real-life example (in other words, you *can* get caught)
 - A prominent museum “lent credence to an 10-fold increase in value” of a gift-in-kind
 - Senate Finance Committee investigating

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Hot Off The Press . . .

- “Problems and abuses in the valuation of these types of gifts was the rationale the committee gave for these proposals. It also stated that a primary goal of the charitable deduction should be to encourage gifts that are most useful to a charity. Gifts that require the charity to divert resources or “incur substantial transaction costs” should not be encouraged.”

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If Advancement Services is So Important, They're Paid The Most – Right?

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NOT!!!!

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Advancement Services – By The Numbers

- The Advancement procession is 65.4% female; Advancement Management is only 47.3% female
- Advancement Services has the highest percentage of women – 76.3%
- Within Advancement, 19.5% of department heads report directly to the campus CEO
- That's only true 7.1% of the time for Advancement Services department heads

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Advancement Services – By The Numbers

- In the Advancement profession, institutional longevity is a problem with the mean tenure being 7.5 years – the median is only 5.0 years (fundraisers have the quickest turnover)
- But Advancement Services leads the way with a mean of 8.8 years and a median of 7.0 years. They ARE the institutional memory

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Advancement Services – By The Numbers

- 10.3% of the Advancement profession earn more than \$100,000
- It's only 4.7% for Advancement Services
- 56.6% of fundraisers earn less than \$60K
- 69% of Advancement Services professionals earn less than \$60,000

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Expanding Advancement Service's Voice

- What's in a title?
- It's time to invite them to the table
- Speak now or forever hold your peace
- But how?

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Expanding Advancement Service's Voice

- Let's talk about research
- And the survey says . . .
 - Lost Alumni Rate
 - Gift Processing Turnaround Time
 - Prospect Researchers to MGO Ratio
 - Event Participation Rates

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Expanding Advancement Service's Voice

- Advancement Services staff should NOT wait for people to come to you at the last minute with a problem but be proactive and avoid the problem to begin with!
- Help your AS staff showcase their successes!
 - CASE Circle of Excellence Awards
 - Overall Operations
 - Gift/Bio Administration
 - Donor Relations/Customer Service
 - Information Systems
 - Prospect Research

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Last Year's Entrants

- Overall Operations
 - Interactive Vouchering System
 - Point and Click Image Retrieval
 - Integrated Advancement Services, A New Paradigm
 - EL Option
 - 2 others for "overall"
- Gift/Bio Administration
 - General

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Last Year's Entrants

- Donor Relations/Customer Service
 - eGiving
 - No Alumni Left Behind
- Information Systems
 - Electronic communications project
 - Automated push of data for management
 - Operation Scoop-Up & Catch-up
 - The Zoo – University Advancement Intranet

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Last Year's Entrants

- Information Systems – Con't.
 - Major Project Analysis Assigned Programmatic Responsibilities and Available Staff Man Hours
 - Development Office Data System
- Prospect Research
 - Gift Planning Prospect Management

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Expanding Advancement Service's Voice

- Heightened "status" at CASE
 - Once only "recognized" 3 professional areas:
 - Development
 - Alumni Relations
 - Communications & Marketing
 - In 2002 they added 1 more:
 - Advancement Services
 - Also, treat "Advancement Management" as a separate discipline

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Expanding Advancement Service's Voice

- But does "recognition" as a discipline equate to increasing our voice?
 - Prior to 2004, the CASE Board & Commissions (nearly 100 souls) had ONE Advancement Services professional
- Why so few?
 - Many institutions equate "excellence" to the "front-line": fundraising and communications & marketing
- What to do?
 - 12 nominations this year (submitted by yours truly)
 - Double that next year (submitted by YOU!)

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Summary

- Advancement services is anything and everything that enables the people who are raising money to actually raise money! Therefore we owe it to ourselves, and our staff, to educate and explain our role to customers both within, and outside, the organization.

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