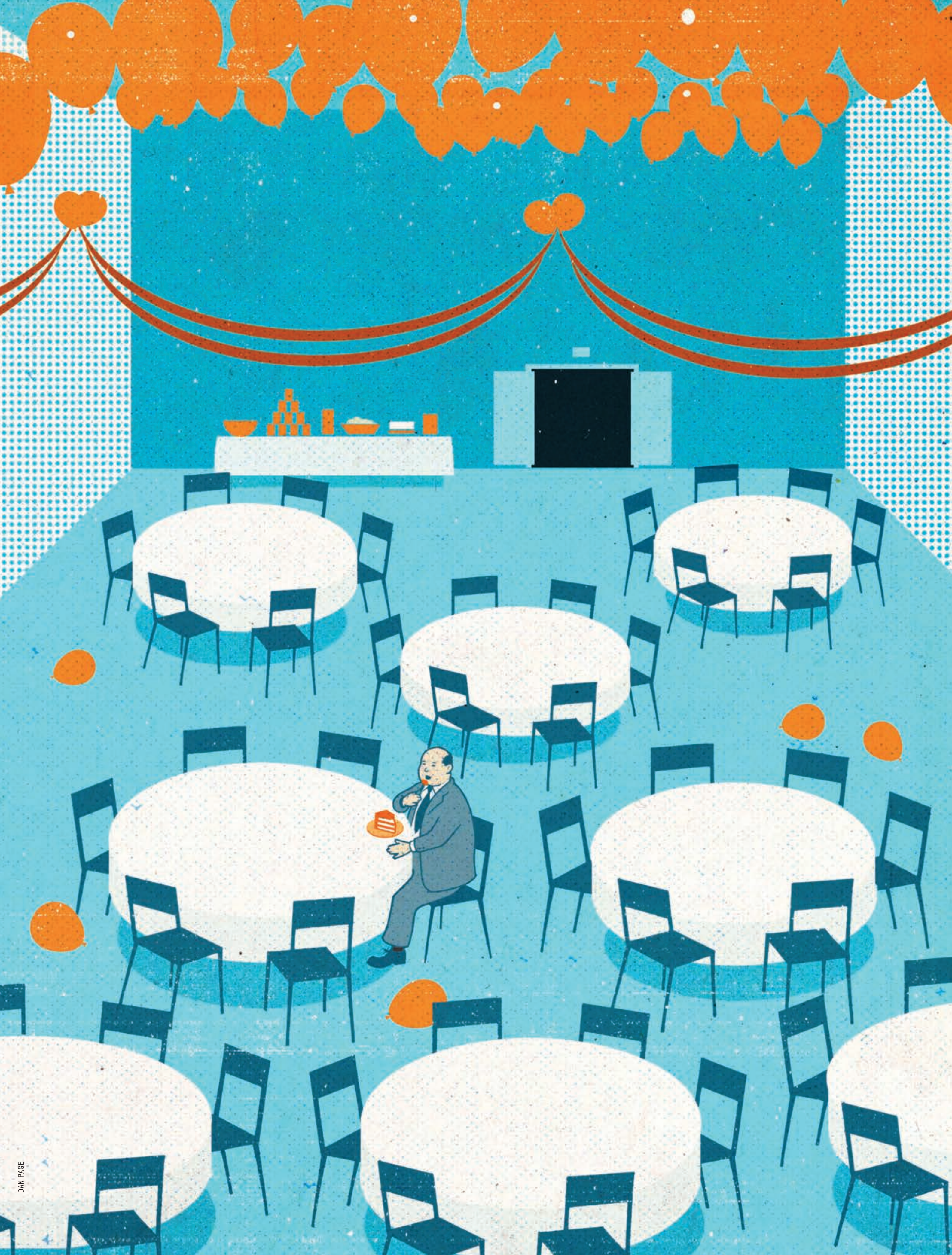
The world of advancement is facing a crisis—in numbers. In 1990, 18 percent of college and university alumni gave to their alma mater, according to the Council for Aid to Education. By 2013, that number had been cut in half to less than 9 percent—a record low and a culmination of a trend that has persisted for more than two decades. Some shrug off the decline as a new reality—a problem too far along to fix. Others ask, what's the big deal? After all, in this era of big campaigns and mega-gifts, colleges and universities have raised more money even though fewer alumni are giving.

But the implications of this trend cannot be ignored.

CLASS EXODUS

The alumni giving rate has dropped 50 percent over the last 20 years. How can you rethink your value to graduates?

By DAN ALLENBY



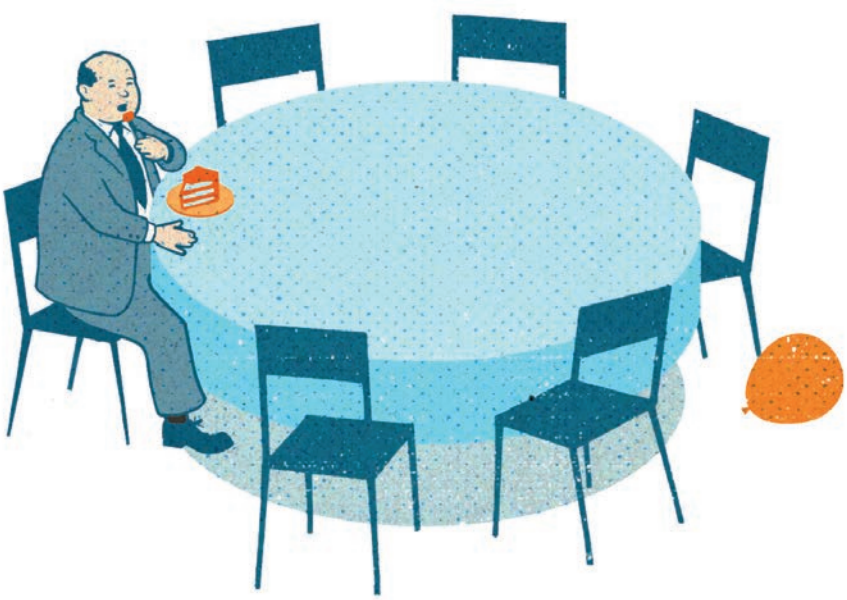
DAN PAGE

Alumni participation rates can have a major impact on institutional reputation. *U.S. News & World Report* considers undergraduate alumni participation rates a barometer of alumni satisfaction and factors them into its rankings. No matter how you feel about rankings, they are a big deal. Rankings create reputation, reputation affects enrollment, and enrollment affects tuition revenue.

But it's bigger than that. Substantial participation allows us to build a broad base of support and expand the pipeline for major gifts and future campaigns. Mega-gifts may have helped educational institutions raise more money over the past several decades, but relying on them isn't a stable model. What if the pipeline dries up? And while a large group of supportive alumni can influence the direction of their school and its effect on the world, putting the future of our institutions in the hands of a relative few is not in our best interest.

It's time to ask some new questions and set better goals for our institutions. It's time to examine what is and isn't working in our advancement practices and to look at how we can provide the best service to our alumni base.

The world has changed, and so have the ways and reasons alumni relate to their institutions. Unfortunately, we in advancement haven't adapted.



WHY PARTICIPATION RATES ARE FALLING

As colleges and universities increase their student population, they're also producing more alumni. This means that many institutions need to add more donors each year just to maintain the same levels of alumni participation.

This makes it difficult to keep up the pace, but it also distracts us from the real problem: Alumni today (especially young alumni) have different attitudes and needs. The world has changed, and so have the ways and reasons alumni relate to their institutions. Unfortunately, we in advancement haven't adapted.

Historically, the value offered to alumni has run along two tracks. First, alumni (as students) received an experience that taught them how to think, helped them form lifelong relationships, and prepared them to live and succeed after graduation. For many, this included job training. Back when the cost of this experience was relatively low, alumni felt like they had gotten a deal and were more willing to give back after they graduated. Imagine going to a restaurant and getting a delicious meal, wonderful service, and a great glass of wine—all for less than 20 bucks! You'd probably be inclined to leave a big tip, right? More important—from the restaurant's point of view—you'd be likely to eat there again.

In the last decade, the price index for U.S. college tuition rates grew by nearly 80 percent—almost twice as fast as growth in medical care and more than twice as fast as the overall consumer price index, according to U.S. Labor Department statistics. Although tuition increases have slowed recently, data from the College Board suggests that federal aid has not kept up with rising costs, resulting in students and families paying more out-of-pocket expenses. A regular patron of a restaurant might not be so inclined to leave a tip if prices go up but the food quality remains the same.

On the second track, colleges and universities have offered value in the form of connectivity. Alumni associations and alumni relations programs were uniquely positioned to connect alumni through class reunions, regional chapters, alumni magazines, and alumni directories. They also connected alumni to personal and professional development opportunities through events, trips, and networking programs.

But in recent years, things have changed a lot. Tuition and fees have risen at an alarming rate. Many graduates are burdened with debt and don't think they owe anything more. Few alumni understand why higher education has gotten so expensive—and few institutions have adequately explained that phenomenon.

Alumni are like the iconic old lady in the 1984 Wendy's commercial who asked, "Where's the beef?" It is a valid question.

UPDATE MESSAGES AND TOOLS FOR A NEW GENERATION

To effectively serve our alumni, we need to examine what is no longer working:

- We have relied too long on traditional tools. Contact rates for student phonathons, once the lifeblood of many annual giving programs, have plummeted as the world moves further online and mobile phones become more prevalent: Less than 58 percent of annual donors in 2012 came from mail appeals or phonathon programs, according to the Annual Giving Network. The remaining 42 percent arrived through online channels and other sources.
- We haven't updated our terminology. Too many annual giving programs still appeal for "unrestricted" gifts and use slogans like "give back." Well, consider those terms for a second. "Unrestricted" simply doesn't resonate anymore: The CAE reports that the percentage of total private support to unrestricted current operations has been cut in half at private and public institutions since 1984. And how can we expect alumni to give back when they haven't finished paying the original bill?
- Alumni no longer need us to stay connected. Before social media, colleges and universities were the gatekeepers to alumni information and networks. Today, online platforms like Facebook and LinkedIn are far more likely to have current information on our alumni than our own increasingly archaic databases. If I want to find an old classmate, I go to Facebook. If I need to develop my business or career, LinkedIn can open doors through peer connections and networking groups. I have options—lots of them. Good for me, maybe bad for my alma mater.

In a fast-moving world of likes and hashtags, the old benefits alone are no longer working. We need to find new services and develop new strategies. We need to rethink our role so that it involves a little more investment and a little less control. [For more on this, see "Learning to Lose Control, page 40.]

AVOID THE CRISIS

Despite the overall decline nationally, some institutions have successfully increased their alumni giving rates in recent years. How did they do it? By following these steps:

Make alumni participation a priority. Increasing the number of gifts doesn't happen on its own; it takes an effort. Virginia's Christopher Newport University, which has doubled its participation rate in the past five years, has put this goal front and

How can we expect alumni to give back when they haven't finished paying the original bill?

center in its campaign case statement and directed resources to support student and young alumni engagement. Successful universities also focus on student giving—Mount St. Mary's University, a small Catholic institution in Maryland, nearly tripled its senior class gift participation rate over a four-year period. This played a huge role in helping the university increase its overall alumni participation rate from 17 percent to 24 percent in just a few years.

Take a fresh and data-driven approach to annual giving. Don't include stale clichés like "give back" in your appeals. Tell stories about gift impact (and not just the impact of big gifts) and translate those into tangible ideas. On its website, Stanford University in California tells young alumni what their gifts added up to, allowing them to quantify their contributions: "Put another way, that's about eight scholarships, nine research grants, and three student groups." These institutions recognize the importance of restricted giving as a way of fulfilling special interests and providing transparency to donors. The University of California, San Diego, credits much of its success to ditching an organization-centric model in favor of a donor-centric model. The institution uses data to focus on donors' specific interests, rather than trying to force-feed what the university may want alumni to support.

Celebrate consistent support. Encourage, recognize, and reward donor loyalty, and tell alumni (especially younger alumni) that consistent giving is just as important as major giving. The Oak Leaf Society has helped Vanderbilt University in Tennessee increase alumni participation by recognizing donors who make gifts of any amount, to any area of the university, for two or more consecutive fiscal years. At Dartmouth College in New Hampshire, you can only be a member of the Harold C. Ripley '29 Society if you make a gift, of any amount, every year after graduation.

Our institutions and alumni will lose something if we rely on mega-gifts to support advancement efforts. Beholden to a relative few, our schools will give up flexibility and autonomy.

Support professional development. Colleges and universities today need to provide lifelong career development for alumni—online and offline. Virginia's James Madison University, which has increased its alumni participation rate every year for the past five years, credits some of its success to the goodwill created by career programs and services. The University of Chicago has done substantial work to develop affinity groups that benefit alumni professionally and personally.

Embrace social media. Successful institutions are thinking outside of their own databases, and becoming more interested in determining how to add value to existing networks than being gatekeepers to information. Several years ago, my team at Boston University started a LinkedIn group to help alumni network and seek career advice. One problem: A self-starting alumnus had already created an alumni group a few years earlier. Our BU-based group struggled to grow because alumni assumed that his group—which was significantly larger—was the official one. His group, however, soon became overrun with spam, irrelevant content, and members who had no affiliation with the university because (despite all good intentions) he lacked the resources to maintain the group.

What resulted were two competing groups, neither of which was effective. Picture two gardens side by side, one overrun with weeds and preventing the other from getting sunlight and nutrients. The situation was confusing to our alumni and made it difficult for either group to serve the needs of the network. After some negotiation, we reached an agreement with the alumnus and are now combining both groups. Did this require us to rethink our role? Absolutely. But we're creating a better space where our alumni will find unique value from their affiliation with the university.

VALUE IN NUMBERS

Prior to graduation, Boston University's president has been known to ask seniors to think of their diploma as if it were a stock certificate. As the quality of the institution grows, so does the value of their degree. If we expect alumni to invest in our institutions, we need to offer that value long after they graduate.

Higher education in the United States is a treasure. If we continue down the current path, the future won't be as bright. Our institutions and alumni will lose something if we rely on mega-gifts to support advancement efforts. Beholden to a relative few, our schools will give up flexibility and autonomy. Our alumni will give up something just as important: their voice.

If alumni support continues its decline, those voices run the risk of going unheard.

Dan Allenby is the assistant vice president for annual giving at Boston University. He is the founder of the Annual Giving Network and served on the faculty for CASE's Summer Institute in Educational Fundraising and as past chair of CASE's Conference for Senior Annual Giving Professionals. He blogs at *AnnualGiving.com.*