



UNIVERSITY OF ILLINOIS ALUMNI ASSOCIATION

Report to the Administrative Review and Restructuring Committee *Spring 2010*

OVERVIEW

At the University of Illinois, there are two University-Related Organizations with independent governing boards that have long, proven track records of benefitting the institution in ways the University cannot do on its own, nor do so as efficiently and effectively for less expense: the University of Illinois Alumni Association (established by alumni in 1873) and the University of Illinois Foundation (established upon the recommendation of the Alumni Association in 1935).

The Alumni Association is a non-profit organization that exists to fulfill a dual mission of supporting the interests of alumni and the welfare of the University. It does this through the meaningful engagement of alumni to foster a credible relationship between them and the University for mutual benefit.

Historically, in service to the University, the UI Foundation focuses on generating financial gift support (i.e. donors), and, although the UI Alumni Association helps promote the importance of private giving, it primarily focuses on generating non-gift support (i.e. engagement as advocates, consultants, mentors, recruiters, employers, fans and patrons, intermediaries, ambassadors, etc.). At the encouragement of the University and the Foundation, the Alumni Association recently adopted an inclusive, universal membership model over its very successful, longtime dues-based program, enabling more effective communications with all alumni. The shift from a dues-based funding mechanism to a gift-based one has increased overall giving and participation rates, and such support now receives University gift credit.

The Alumni Association has a total current staff of 55 (reduced from 63 since FY2008), spread among the three campuses and the Illini Center in Chicago, who provide an infrastructure to support broad-based alumni engagement services for the University. These services primarily include:

- ✓ data collection, management and stewardship of more than 1 million records
- ✓ unique, credible communications vehicles that reach the widest and largest alumni audiences with a broad view of the University and a respective campus
- ✓ comprehensive alumni career assistance (for employees and employers) that is considered a national model
- ✓ strategic and effective legislative advocacy in which alumni support the University in ways it cannot do for itself
- ✓ identification, recruitment and recognition of high-quality alumni leadership with diverse competencies and broad perspectives to act in the best interests of the University

Out of a \$4.6 billion University budget, the annual cash investment of \$3 million to the Alumni Association's operating budget of \$9.3 million, yields a 3-to-1 return in benefit to the University.

CURRENT STRUCTURE

The Administrative Review and Restructuring Committee has requested specific recommendations from the UI Alumni Association in how to reduce costs and improve effectiveness of alumni relations at the University. Before sharing any such recommendations, it is important to note that, in recent years, the Association has had an extremely limited role in how the organizational structure and reporting lines for advancement have evolved at the college and unit level. Consequently, the Association has adapted its operations and positioned itself as collaborator and adviser to campus advancement staffs to avoid redundancy.

This organizational structure has become increasingly complicated and conflicted because of the continued absence of an agreed-upon "advancement" strategy at the University of Illinois. Likewise, unilaterally established advancement offices in key regions of the country do not achieve maximum potential benefit because they engage in alumni relations and communications without the accountability and guidance of alumni relations and communications campus leadership. The primary motivation for the regional advancement offices to conduct alumni relations and communications activities is to solicit gift support. By having such a singular focus, broader alumni engagement is limited, less inclusive and can potentially be counterproductive to long-term relationship building. A more collaborative, equitable and thoughtful strategy could lead to greater levels and varieties of support for the University of Illinois.

At the Urbana-Champaign Campus ...

... the "advancement" community of development, alumni relations and communications professionals has become increasingly decentralized over the past decade. Additional staff has been hired in the colleges and units for the primary objective of supporting fundraising goals. The most common organizational structure, with a few exceptions, is an advancement staff reporting to a Chief Development Officer, who then reports to both the Dean and the Office for the Vice Chancellor for Institutional Advancement (OVCI) – which was created and funded by the Campus Administration at the time and the UI Foundation.

This trend empowers Deans and Directors to be more involved in fundraising for their unit. However, it does not provide a consistent, accountable way to effectively integrate campus-wide communications and alumni relations goals and priorities. Unit development offices were renamed "advancement" offices, and Chief Development Officer titles were changed to Chief Advancement Officers. Consequently, much of the outreach and communication with alumni at the unit level is unilaterally determined and development-driven.

The interaction that currently takes place between the campus-level administrative heads (Associate Chancellors) for both Public Affairs and Alumni Relations and the unit-based advancement offices is achieved through voluntary, collegial cooperation. Successful engagement of a larger percentage of the alumni base will require a more bilateral and alumni-centric relationship-building strategy – i.e., factor in the multi-dimensional interests of the alumni, as well as the interests of the unit.

Feedback received from alumni, as well as prospective students and their parents during the admissions process, increasingly indicates that the University of Illinois' fundraising pressures pose the risk of prematurely accelerating the careful relationship building that leads to – and expands the pool of – support, including private giving.

Communications and alumni relations are critical functions along a continuum of the University's relationship with its student and alumni stakeholders. Certainly, it is one goal that, throughout their lifetimes, individuals will attain a level of capacity and desire to contribute private support, but greater success will be determined by careful stewardship of the relationships themselves – not just the gifts.

At the Chicago Campus ...

... alumni relations accounts for the equivalent of 5.3 FTE among the total number of advancement personnel (or vacant positions) within 20 colleges and units. There are a handful of campus staff members who, at most, devote an estimated 30 to 40 percent of their time to alumni relations, but 5 to 10 percent is more typical.

The Alumni Association's Office of UIC Alumni Relations and the campus's central sources of public affairs and marketing are both significantly relied upon to provide support and expertise throughout the campus, while also having a primary focus on broad, external outreach and communications. As such, advancement is fairly centralized and the functions of alumni relations, development and communications are well delineated. Collaborations and partnerships take place frequently at higher administrative levels of advancement.

At the Springfield Campus ...

... the development, alumni relations and communications functions are their own separate and centralized – but complementary – operations at the administrative level. There are no designated alumni relations officers in the colleges and departments at UIS. In fact, the Alumni Association is able to leverage its breadth of support and services to benefit the UIS campus and its alumni base at a significant level beyond what the campus would be able to afford on its own.

UIAA SUPPORT FOR PRIVATE GIVING

While the UI Alumni Association promotes the long-term value and benefit of establishing earnest relationships between the University and its alumni, the Association also has a long history and proven track record of promoting the importance of private giving.

It was the Alumni Association that first raised private funds to support the University, and the building of Memorial Stadium in Champaign was its first widespread capital campaign. In response to the impact of the Great Depression in the early 1930s and the observation that fundraising at the unit level did not allow for the support of major, campus-wide priorities (specifically, the construction of the Illini Union in Urbana), the UIAA recommended the establishment of a separate fundraising organization for the University. Thus, the Board of Trustees authorized the creation of the University of Illinois Foundation in 1935.

The 2008 change from the Alumni Association's dues-based membership model to a gift model has had a direct, positive impact on private giving. With enthusiastic support from the Foundation and the University, this bold shift now allows for UIAA contributions to count toward UI giving totals and increases the alumni participation rate.

Nowhere is the positive impact of Alumni Association support today more strongly felt than in the area of private giving to the University. On average, internal research has shown that those who contribute to the UIAA are 5.3 times more likely to be donors to other UI units than those who do not contribute to the UIAA, and 4 times as likely to be major gift donors of \$5,000 or more.

As a partner in the current Brilliant Futures campaign plan, the Alumni Association features prominent stories and campaign themes (at UIAA expense), as well as advertising promotions, in widely distributed print and electronic communications with alumni. Development officers frequently use these publications as tools to encourage additional philanthropic support.

The UIAA's Information Systems Unit accounts for hundreds of thousands of updates each year to more than 1 million records, including contact data and preferences to continually improve the capability to communicate and engage nearly 700,000 alumni and students. This dedicated activity saves the University tens of thousands of dollars in postal charges each year.

In addition, the UIAA recently completed the first comprehensive update of alumni degree records in 30 years, resulting in:

- 280,000 records corrected for degree inaccuracies
- 7,500 alumni identified as degree-holders who were not previously recognized in the database
- 2,200 alumni "found" who were previously unknown in the database

These are newly viable records that colleges and departments and the broader advancement community could not access until now.

RECOMMENDATIONS

- 1) The responsibility for advancement ultimately resides jointly with the University, the Alumni Association and the Foundation. Therefore, establish a small, high-level Advancement Council composed of the presidents of the three entities to authorize strategic direction and policy.**

Small, high-level Campus Advancement Councils that include the campus administrative heads for alumni relations (dual report to chancellor/UIAA president), development (dual report to chancellor/UIF president) and public affairs (singular report to chancellor) – in consultation with the chancellor – would direct the campus execution of the strategic direction and policies, and coordinate efforts where interests intersect.

2) Reconstruct the campus advancement model to establish accountability aligned by distinct professional expertise and balanced coordination among alumni relations, development and communications.

The Association supports the creation of a collective vision for an effective advancement model at the University of Illinois that embraces the benefits of the institutional structure and two independent, not-for-profit University Related Organizations. The UIAA strongly cautions against a vision that is too narrow in scope that would lessen the significance of key strategic intents other than an increase in private giving.

3) Recognize and support a Memorandum of Understanding to be determined between the Alumni Association and the Foundation outlining distinct functions and responsibilities. (Similar agreements already exist between the University and the Alumni Association, as well as the University and the Foundation.)

Efforts in recent years have dramatically improved the separate, but complementary functions of the Alumni Association and the Foundation to avoid redundancy and capitalize on shared goals. This is especially evident in the area of data management.

More coordination and less redundancy in outreach activities and event planning at the campus and University level are needed for maximum engagement and brand awareness. Separate, sometimes competing events often end up segregating alumni audiences, as well as diluting the University's overall impact, visibility and access to UI resources and VIPs. For example, there are numerous unit-level activities initiated from the Urbana-Champaign campus that occur in the city of Chicago, but the widespread impact and presence of the Urbana campus is not managed nor coordinated so as to be significantly noticeable.

It is in the best interest of the University for the Alumni Association and the Foundation to protect and preserve their self-governing, 501c(3) non-profit status. It is just as important that the University, the campuses and the Foundation recognize and support the role and value of the Alumni Association's work – just as there is an expectation that the Association will support the role and value of the Foundation's work.

4) Implement an integrated, robust IT environment for alumni relations and development.

The Alumni Association recommends the University collaborate with UIAA and UIF to invest in an integrated IT environment that supports capture, storage, tracking and utilization of data enabling lifecycle relationship management with alumni, friends and donors.

There is a growing need to incorporate the findings of the University's Advancement Technology Project into an action agenda to increase efficiency and cost-effectiveness of systems and services supporting University advancement. UIAA leadership, including key alumni members of the Board of Directors, advocated strongly for the University to engage in an intensive study of these systems and services across all three campuses. An 18-month, intensive situational analysis involving more than 400 advancement professionals on all campuses documented gaps in data access, data analysis and operational processes that form the backbone information sources for advancement professionals.

The Alumni Association and the Foundation have successfully collaborated to address some of the fundamental needs and gaps. However, such capacity is limited. To substantially improve the efficiency and effectiveness of information services and capabilities, a larger collaborative effort is required. The University, the Foundation and the Alumni Association should invest in the acquisition of new technologies that support robust integration of multiple data sources, better leveraging of University data warehouse and business intelligence environments, and operational systems for capturing and utilizing individual and relationship data. Beginning in early 2012, there is a window to adopt and implement these improvements in advance of the launch of the next major University fundraising campaign.

The planning and implementation of new technologies should be accompanied by efforts to address organizational, policy and process-related barriers to improving performance in advancement. As firms such as Gartner Research have repeatedly observed, focusing on technology to the exclusion of organizational culture will yield only partial improvements for our investment [*Gartner Research, 19 March 2010*].

Organizations that have embraced an innovative CRM vision, culture and strategy, and then successfully implemented the business processes and IT solutions, have achieved the following:

- significant reduction in operating costs
- improved quality and delivery of service that builds "customer" loyalty (i.e. alumni, donor, etc.)
- greater understanding of customer needs and preferences
- increased attraction, acquisition and retention of customers

5) Support efforts to increase private funding for the UI Alumni Association.

A private fundraising effort to increase the Alumni Association's "endowed" support could potentially reduce the funding requirements by the University while increasing alumni participation rates.

As noted in the initial presentation to the ARR Committee, the Alumni Association's FY2010 budget relies on \$4.9 million of University funding (\$3 million of cash support and \$1.9 million of non-cash support) or 52.4% of consolidated operating revenue from all sources. UIAA's Membership Fund assets were \$14.2 million at 12/31/09, generating just under an estimated \$1 million of consolidated non-operating income for FY2010. The goal and objective of a private fundraising effort would be to accelerate the reduction of the amount of University support by replacing it with additional investment income.

The UIAA has a successful track record, having worked with the Foundation most recently to complete the private fundraising effort for the Alice Campbell Alumni Center by raising an estimated \$14.5 million for the project. Since the University is nearing the completion of the Brilliant Futures campaign and is well into the public phase, the Alumni Association could launch a new effort within the campaign.

It is in the University's and the Alumni Association's best interests to explore with the UI Foundation the structure and feasibility of a private fundraising effort within the Brilliant Futures capital campaign to create an Alumni Association endowment.

CONCLUSION

The UI Alumni Association does not oversee the financial reports for campus advancement, so it is difficult to project a specific dollar amount of potential savings and cost reductions. However, a more efficient and aligned advancement organizational structure, as well as a University-wide understanding of the goals and priorities of each major advancement function, will result in a smarter use of resources with more effective outcomes.

Essentially, the Alumni Association supports defining and implementing an appropriate, workable advancement model for the University of Illinois that embraces the understanding that advancement means more than increasing private giving. Other aspects include, but are not limited to

- facilitating broad-based, two-way communication with all alumni, students and friends;
- enabling and empowering alumni to connect with each other and with their University;
- providing career services to graduates;
- encouraging volunteerism and developing alumni leaders;
- maintaining alumni records and managing constituent preferences for communications;
- coordinating both grass-roots and high-level advocacy to benefit the University;
- identifying and selecting trustees to insure good governance of the University;
- representing the voice of alumni; and
- protecting the value and integrity of a University of Illinois degree.

The Alumni Association's financial reports and operations are widely open to – and, in many cases, regularly reviewed by – University administration. The Association has a demonstrated history of innovation, efficiency and effectiveness that is, perhaps, better understood and appreciated at the UA level as a result. Guided by highly capable and dedicated alumni volunteers, the Alumni Association explores, evaluates and pursues initiatives with only the best interests of the University of Illinois in mind.