



# A Future of Opportunity in Advancement for San Jose State: A Pre-Campaign Assessment

A Presentation to the San Jose State University Academic Senate

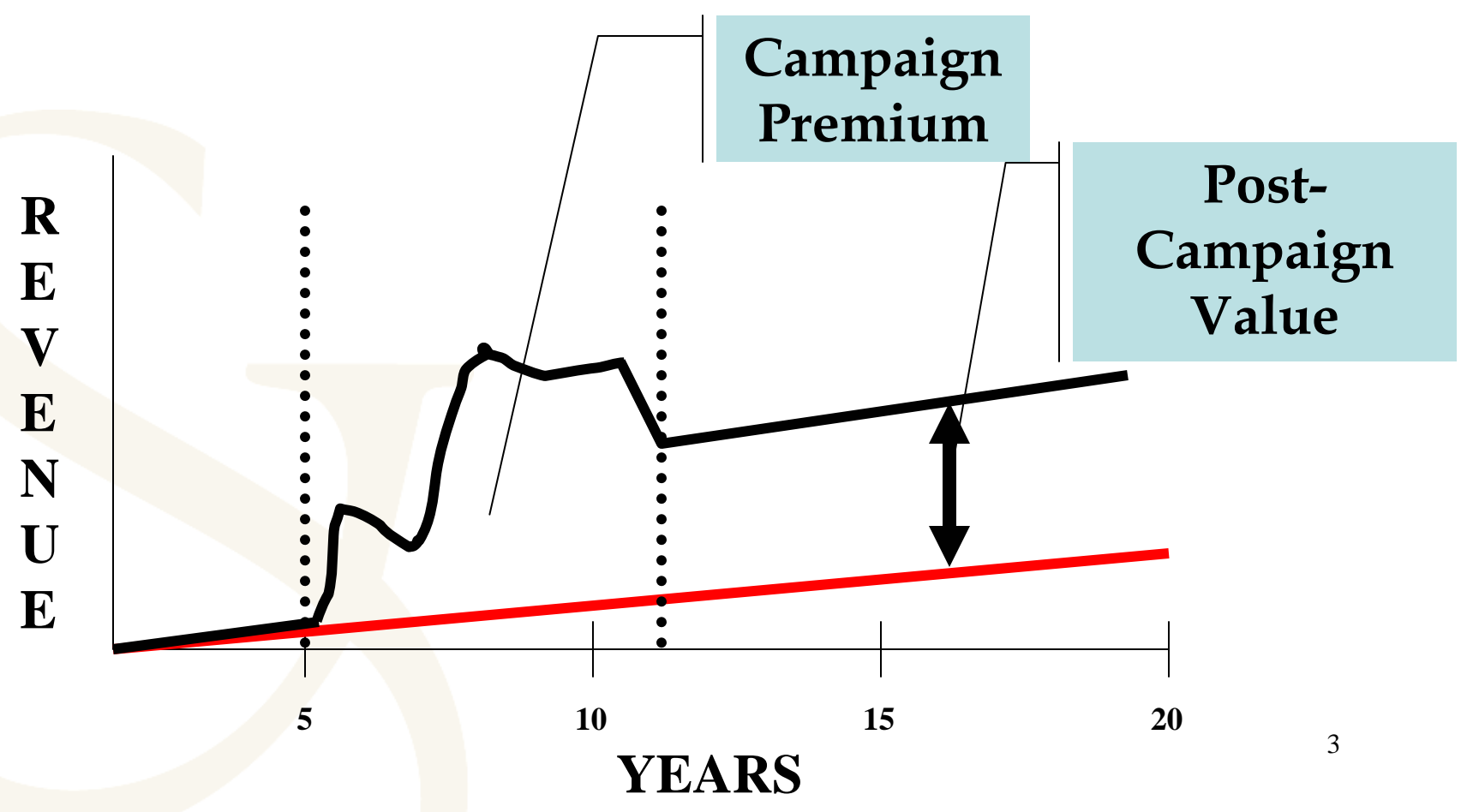
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# The Great Institutional Value of a Comprehensive Campaign

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- It is our belief that comprehensive university campaigns are an important way to focus attention on the institution and to increase overall philanthropic support significantly.
- If San Jose State invests properly in the development infrastructure at this point, the institution will be able to achieve long-term institutional value from a comprehensive campaign.
- A comprehensive campaign, appropriately staffed and focused on a broad base of prospects, will result in a much stronger development program at the campaign's conclusion.
- It will surface many more new prospects for the university and will ensure that SJSU concludes the campaign with a significantly greater annual return from philanthropy than it has now.
- This post-campaign value should be thoroughly considered as a major reason to invest in advancement today

# The Importance of Post-Campaign Value



# A Disappointing History of Development

- San Jose State University has a disappointing history of private fundraising.
- Efforts to date have either been unfocused or largely driven by the president of the university or by specific deans for individual projects.
- There has never been a broad institutional commitment to build a development operation.
- Until recently, the CSU system office discouraged such efforts and provided no real support for advancement.
- As a result, SJSU, like many other CSU campuses, thought of advancement more in terms of community and public relations than in terms of fundraising.
- The long-time vice president for advancement had limited experience in fundraising.

## Boutique or Project Campaigns

- Like many other public universities of its age and vintage, San Jose State's fundraising was unfocused and confined to specific projects.
- These projects were nearly always for construction in one form or another.
- They did not result in the creation of an organized development operation.
- They did not focus on trying to energize the larger university prospect base or to bring new potential donors into the development pipeline.
- As a result, they had little or no long-term impact on the university.
- Most of the projects actually failed to raise sufficient funds or to meet their real fundraising objectives.
- As a result, the campus became cynical in its attitude toward development and in its belief that the university could raise private money.

# Presidential Transitions

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- Until recently, San Jose State has not had a president who was personally committed to fundraising.
- The transition period following the departure of Bob Caret was particularly troubling to major donors and volunteers.
- The long period of interim leadership left advancement without any clear direction.
- Senior volunteers were very concerned about the failure of the university to attract a top candidate to be its president.
- When a candidate was finally selected, he left after only two weeks, due to health reasons.
- As a result, the university's most important potential donors remain anxious about the future and about engaging in fundraising.
- Their one great hope is the leadership of Don Kassing.

# Great Potential

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- The success of SJSU in securing leadership level gifts in recent years shows that the University has considerable potential to raise private funds.
- The University's most significant potential donors – its alumni – have not fully been asked to participate in a consistent, focused, and visionary manner.
- While Silicon Valley corporations have generally supported SJSU engineering, they have not made the kind of major philanthropic and research investments that would have lasting impact on the institution, except for the engineering building campaign twenty years ago.
- The Tower Foundation board has also been successful in recruiting individuals with significant philanthropic capacity.
- SJSU alumni have a generally positive feeling about their experience at the university; this is especially true of the older alumni who would provide the backbone of a comprehensive campaign.

# An Improving Development Operation

- The overall quality of the San Jose State University development program has been improving significantly over the past two years.
- This improvement is seen in the seriousness of the organization, the quality of a committed fundraising staff, with varying degrees of experience, and by good internal communication.
- As a result, the campus and its academic leadership are taking the development office seriously for perhaps the first time in its history.
- There is support among the deans for the development program, support that manifests itself in a willingness to fund new positions and a willingness to consider moving forward with a comprehensive campaign.



# Presidential Leadership

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- Much of this good will is due to a belief that San Jose State has a real opportunity to move to the next level in development under President Kassing's leadership.
- Don Kassing is a believer in the importance of fundraising to the future of the institution, and his energetic commitment is to varying degrees embraced by the larger academic community.
- He has been successful in raising money and in closing gifts that have been in the works for many years.
- He has the strong support of the university's leading volunteers and donors and he has instilled a sense of confidence in the campus about development that it has never experienced before.

# A Need for A Clearer University Vision

- While the Vision 2010 process has provided a broad context for the strategic direction of San Jose State University, the campus lacks a crisp, readily understandable vision statement.
- This absence is keenly felt by development
- As a result, the campus has not been able to capitalize on its clear competitive advantages within the larger Silicon Valley community.
- Instead of using San Jose State's distinctive position as one of the leading suppliers of educated and well-trained personnel to the most economically dynamic region in the world, the university has hidden its assets under a rock and not used them to leverage support for the broader institution.

## University Vision, Continued

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- While the contributions of San Jose State to the South Bay and to the Bay Area more generally are underappreciated at all levels, there are some university programs that have particular value to donors.
- These programs can engage individuals in the larger institution and be used to bring resources to different and perhaps less appreciated elements of San Jose State.
- It is not enough to develop a list of needs, driven by independent, unit-based academic priorities.
- Without such a vision, SJSU will not be able to answer the critical questions behind all successful campaigns: Why San Jose State? Why now?

# Engineering and Business

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- Both the College of Engineering and the College of Business have set forth specific fundraising objectives for their respective units.
- The Business objectives total \$50 million and Engineering's total \$45 million.
- Other units are also deeply engaged in setting their campaign priorities.
- While Engineering and Business may be the first to move forward in the campaign, ultimately all elements of the university can benefit from the campaign effort.
- Support may not come immediately but the investment in fundraising now will continue to pay off for SJSU for generations to come.
- This campaign must represent a new commitment to development and to San Jose State alumni and friends.

# Athletics

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- President Kassing has declared that athletics has an important role to play in the future of San Jose State.
- Tom Bowen has some solid experience in development and he is trying to articulate a clear vision for the athletics program at San Jose State.
- At the same time, however, the role of athletics is not universally acknowledged and its importance as an engine for fundraising is also not fully accepted.
- The Athletic Director's vision needs to be better integrated into a larger institutional set of priorities.
- While the development program in athletics appears to be solid, its very independence could serve to weaken its effectiveness as an engine of private support for the whole university if it is seen as something separate and inconsequential by the larger campus community.

# The San Jose State Constituency

- Among all of the CSU campuses, San Jose State has one of the wealthiest donor constituencies.
- For the past forty years, the university has been a principal supplier of educated and skilled professionals to Silicon Valley.
- SJSU is also San Jose's university and the institution has played an important role in the growth of the city, its economic development, and its cultural life.
- Historically, some of the most important donors and volunteers for SJSU have been people from the community who are not university alumni.
- Today, SJSU alumni have achieved significant levels of prominence throughout the region and they are in a position to make transforming commitments to the university.

## Limited Efforts at Prospect Development

- With this in mind, the SJSU development office has just begun to establish a significant major gift prospect base for the university.
- Wealth screening is an important beginning in constituency development, but staff must now engage in a much more vigorous effort at building the prospect base.
- Prospect awareness and the importance of identifying potential supporters should engage the entire San Jose State community from volunteers to staff to faculty members.
- It has to be established as a priority for everyone going forward if the campaign is to be successful.
- This commitment to prospect identification is an essential element in the ongoing effort at building a culture of philanthropy at San Jose State.

# The Corporate Constituency

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- Corporations have long been an important source of private giving for San Jose State.
- This pattern of a dependence on corporate support is typical of public university development programs in their early years.
- The trend at San Jose State, however, is toward an increase in individual donations.
- While this is an important sign of the growing maturity of the development program, the five-year average of \$2.5 million from corporate donors is low, given the importance of SJSU to the Silicon Valley workforce.
- Counsel believes that there is opportunity for significant increases in the amount of financial support from corporations during the upcoming campaign, particularly for engineering and business.



## The Vice President's Office

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- Fred Najjar is universally praised as an outstanding university citizen who has brought stability and clarity to the advancement office.
- For many years, the office of the vice president for university advancement at San Jose State was looked upon with something like contempt by the rest of the university.
- Fred has changed this attitude in a short period of time and he has lifted morale in the advancement office considerably.
- He has also become an important member of the SJSU senior leadership team and an advisor to the president.
- San Jose State would not be in a position to consider a comprehensive campaign at any level without the essential changes brought about by Fred's leadership.

# Unit Staffing

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- Counsel was pleased to learn that the university budgeting process will permit a director of development in each of the university's schools and colleges.
- This represents an important statement for support for advancement and for the campaign.
- Now that all units are represented in development, the university must allocate additional campaign resources to the units that have the biggest fundraising opportunities and that will be the drivers in the campaign.
- While fundraising in athletics seems to work well if independently, both business and engineering need a minimum of three major gift staff members in order to work their prospect pool.

# Donor Relations and Stewardship

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- Increasingly, sophisticated donors (and this is especially true in Silicon Valley) view their philanthropy as an investment.
- Institutions must be vigilant in reporting on the use of funds and in demonstrating that they can manage private donations effectively by carrying out the donor's wishes.
- San Jose State must compete with Stanford where a major donor can log into their own web page and see a complete history of their donations to the university.
- Stewardship has to be one of the highest priorities of the advancement office going into a comprehensive campaign.
- Without a strong stewardship effort, SJSU will have a difficult time meeting its campaign goals.
- The faculty play an essential role in demonstrating to donors that their philanthropic investments in San Jose State are being well used.

# The Tower Foundation Board

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- Counsel was impressed by the caliber and commitment of the members of the Tower Foundation board.
- The group has a strong internal dynamic and will be an essential partner in the campaign; most members are supportive of the campaign and see it as long overdue.
- It is a small board, however, and it needs to grow.
- The advancement office should take specific steps to help the board define its responsibilities, especially in light of the upcoming campaign.
- It is important that new members are recruited systematically with an eye for what they will contribute to the board's objectives.
- While for the moment, new members are being recruited for their relationship to existing trustees, it is important with the campaign on the horizon that discipline and focus be added to Tower board trustee recruitment.

## Other SJSU Volunteer Groups

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- Counsel had little exposure to other volunteer groups at San Jose State but was left with the impression from development staff members that most unit advisory boards have little responsibility for fundraising.
- Every volunteer who is involved with the university should have a clear understanding of his/her role and responsibilities.
- Advisory boards can absorb considerable amounts of a development officers time and energy.
- This is time and energy that is taken away from fundraising; unless the university's advisory board structure is rethought, it will be difficult to ensure that development staff members have enough time for the campaign.
- It will be important going forward into the capital campaign to use the quiet phase to clarify the responsibilities of SJSU advisory boards and other volunteer committees.

# Presidential Leadership

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- The leadership of President Kassing is absolutely critical to the success of the upcoming campaign.
- A number of volunteers are concerned that the Chancellor might choose to select a president without strong development skills to replace Don in 2008.
- While counsel has seen numerous examples of successful campaigns where there has been a presidential transition during the campaign period, this situation is a serious one, given San Jose State's history.
- In order to calm the volunteer leadership, it will be important for Chancellor Reed to reassure volunteers and donors that he is committed to supporting San Jose State during this campaign period and that he will select a president who will be able to carry on Don Kassing's work.

# General Recommendations

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- Counsel recommends that San Jose State University begin immediately to prepare for its first comprehensive campaign.
- The university should begin counting on July 1, 2006 and should continue the campaign through June 30, 2013.
- The tentative campaign goal should be in the range of \$150 million.
- The advanced gift or quiet phase of the campaign should be timed to run at least through the presidency of Don Kassing.
- Depending on the university's ability to secure between 50% and 70% of the proposed goal, the public announcement of the campaign should occur after the new president has been appointed in the fall of 2008 or the winter of 2009.

# The Presidential Vision Statement

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- Counsel recommends that the President Kassing set the development of a formal presidential vision statement as an immediate priority.
- This process, which was completed earlier this fall, was managed by the vice president for university advancement with the essential involvement of the provost and selected senior academic leaders as well as the Tower Foundation board.
- The president's vision statement follows from the Vision 2010 document but is not be limited by it.
- This vision statement is forming the fundamental architecture of the campaign – it sets for the key themes upon which the campaign priorities will need to be grounded.



# The Campaign Priority Setting Process

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- The Priority Setting Process is being by the Provost following a campaign planning retreat that was held in August with the deans.
- The priority process is continuing and a list of the priorities should will be distributed to academic leadership along with an explanation of the reasons behind their selection.
- As consensus is built around the priority projects, the details of the campaign will be communicated to the larger university community by a letter from the provost to the faculty of San Jose State.
- These priorities should be considered as tentative, however, until the end of the campaign's advanced gift phase.
- No campaign priorities are final until the president announces the campaign at the kick-off dinner, probably in the fall of 2008.

## A Focus on Endowment

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- The priority setting process is still underway.
- Nevertheless, a significant focus on raising new endowment for the university is emerging as a clear focus for the campaign.
- These endowments will provide:
  - Support for faculty at all levels
  - Additional scholarship funds for needy students
  - Graduate fellowships.
  - Undergraduate research and international exchange
  - New curriculum development
  - Innovative research.

# A Strategic Communications Plan

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- Counsel recommends that a series of presidential position papers in the form of personal letters be developed beginning in the fall of 2006.
- These letters will prepare the way for the campaign and will serve to educate the major gift constituency about the reasoning behind the campaign's principal objectives.
- These letters should be mailed to all major donor prospects. The letters could cover the following areas:
  - Introduction of the president's vision statement
  - Discussion of the need for alumni to reengage with San Jose State
  - The challenge of meeting SJSU's potential and the weakness of depending so totally on public funding
  - Ways of making a difference
  - The idea of a comprehensive campaign
- The content of the presidential letters should be repeated in subsequent issues of Washington Square and in internal SJSU publications.

# The Essential Role of the Faculty

- Prospect identification
  - Senior faculty members often know alumni and friends who could become supporters.
  - Staff members will meet with faculty to review lists of prospect names: everybody has to be responsible for identifying prospects for SJSU.
- Telling the story
  - Fundraising provides support for the faculty and not the university administration.
  - Your story, your priorities and what will inspire donors to give.
  - Offer to participate in campaign events as speakers.
  - Meet with prospective donors when asked and make the time to help development.

## The Essential Role of the Faculty, Continued

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- Supporting advancement
  - The campaign is an investment in San Jose State's future as well as its present.
  - Commit to development for the long term and trust that the process will ultimately lead to broader support for the university as a whole.
  - Engage with donors and invite them into the life of the campus.
- Celebrating success
  - All gifts to the campaign are a gift to every member of the San Jose State family.
  - By celebrating successes and avoiding cynicism, the university can begin to develop a true partnership with its alumni and friends that will help to ease the continuing burden of declining state support.

# A Data Driven Approach to Fundraising

- Strict performance benchmarks are being put in place for all major gift fundraisers.
- These benchmarks will ensure that thousands of new prospects are brought to the university
- Every staff member will be expected to :
  - Make 15 out-of-office visits per month.
  - Prepare an annual business plan laying out their program and planned activities based on the status of their prospect portfolios and the need to address prospects at all stages from qualification to solicitation.
  - Clear prospects for solicitation for 18 months only (at the end of that time, major gift officers will be evaluated on their success at moving the prospect forward through solicitation whether the solicitation is successful or unsuccessful).
- All of this activity will be monitored on the development database.

## Relations with the Deans and Faculty

- We recommend that the vice president for university advancement and the AVP for development and campaign director maintain regular communication with academic leadership by attending meetings of the dean's council and the academic senate.
- Both should also call on individual deans on a regular basis.
- We recommend that the university consider establishing a faculty advancement council that would consist of leading teachers and researchers on the San Jose State campus. It would do the following:
  - Advocate for development.
  - Assist in university-wide fundraising events.
  - Represent the development office to the larger academic community.

## Corporate and Foundation Relations

- We recommend that corporate and foundation relations report to the campaign director and be included as an integral element of the fundraising program.
- We recommend that a special effort be undertaken to reach out to the faculty and to provide them with additional opportunities to seek support from private foundations.
- We recommend that an electronic newsletter be developed by the cfr office announcing corporate and foundation gift and grant opportunities to the units; this should supplement any work currently being done by the research foundation.
- We recommend that an annual goal of 10 major proposals to corporations and foundations be set for each fundraiser within the unit.



# Creating a Campaign Events Program

- Events will play a critical role in the qualification and cultivation of the university's large prospect base.
- We recommend that two permanent development events positions be created for the campaign along with an administrative assistant.
- We recommend that senior university faculty members be regularly engaged as speakers for campaign events and that these events highlight programs across the San Jose State University campus.
- The events unit should focus all its energies on the campaign and not be responsible for general alumni functions and advisory board meetings.

## Presidential Dinners

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- Beginning in early 2007, we recommend that the trustees of the Tower Foundation be called upon to host small dinners in their home for the president.
- These dinners should involve no more than 10 people and should be aimed at bringing the president into contact with important donors, prospects, and influential individuals in the region.
- Vice president Najjar should attend all of these events.
- We recommend that at least three dinners be held by the spring of 2007 and then one dinner per month be held through the rest of 2007 year (a total of 10 engaging 75-100 individuals (50+ top prospect households).
- Beginning in 2007-08, the university should institute a similar program for deans.

# Stewardship

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- Successful and appropriate stewardship of gifts is critical to the retention of the university's major donors.
- San Jose State should be the university of choice for sophisticated philanthropic investors.
- We recommend that a stewardship task force be established to review the complete stewardship program at SJSU and to present recommendations on how donor stewardship could be enhanced.
- We recommend that this task force be constituted as soon as possible and that it present a report to the vice president and the academic leadership.
- The task force should include:
  - The stewardship coordinator
  - Unit development officers.
  - Representation from key volunteer groups.
  - Representation from academic leadership.

# A Campaign Budget

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- Campaign funding will need to come from an increased allocation of State funds plus supplemental funding from the Tower Foundation and perhaps the Chancellor's Office.
- Additional sources of revenue could include a gift assessment of 5-7% assigned exclusively to the campaign and an endowment assessment of up to 2%.
- Anticipating a comprehensive campaign at the \$150 million level, the university should expect to spend around \$20 million in development costs alone (i.e. fundraiser salaries, fundraising, events, development communications, and advancement services) over a seven-year campaign period.
- This figure does not include the approximate \$1 million costs of purchasing and implementing a new database nor does it cover the costs of the non-development communications portion of university advancement (non development communications) effort and alumni relations, which are included in the existing advancement budget
- This \$.15 for every dollar raised would be below the national campaign average but significantly above that of larger, more established public university development programs.

# Campaign Volunteer Structure

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- The campaign is being led by the Tower Foundation Board functioning as a campaign cabinet.
- One of the members of the board, Gary Sbona, has assumed the role of campaign chair.
- The campaign cabinet has now held two meetings, and the Tower board has fully committed itself to the success of this undertaking.
- In the future and as appropriate, individuals who are not trustees of the Tower Foundation could be invited to join the campaign cabinet for specific purposes.
- These individuals should attend only that part of the Tower Board meeting that focuses on the campaign.
- The cabinet intends to meet at least quarterly

## Conclusion: An Overdue Campaign

- A comprehensive campaign involving the entire university community is the logical, even the essential next step in the San Jose State development program
- While it will be difficult to focus the campus and to allocate resources during a difficult budget period, the university has delayed its first comprehensive campaign for too long.
- San Jose State has exceptional philanthropic capacity, committed volunteers, a popular president, and quality programs.
- The campus should not allow any internal divisions to hold it back at this point in time.
- Counsel believes strongly that the university can do this campaign and can do it well.

## Providing Opportunity for New Leadership

- At the same time, the campus needs to grow its development program if it is to maintain its position and expand to meet long-term strategic objectives.
- The current leadership can prepare the way so that in two years a new president will have the opportunity to use fundraising to support his/her objectives, to use private philanthropy as a critical engine to achieve success.
- Campaigns can build tremendous enthusiasm and momentum for a campus; they provide a unique opportunity to change the conversation in fundamental ways.
- A comprehensive campaign, where the university invests in development infrastructure, will leave San Jose State in a much stronger position going forward.

## Looking at the Future

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- Building a strong program of private support is not a luxury for SJSU; it is a necessity.
- The trend line for state funding in California is clear.
- While there may be years of increased support in Sacramento the overall direction is down with new money often earmarked for special projects.
- Chancellor Reed has recognized this reality and has pressed the leadership on all CSU campuses to expand their private giving programs.
- While there is very little money to invest from central resources, the development operation at San Jose State must grow if the university is to be sustained over time and if there are to be opportunities for faculty and access for students.
- Counsel is convinced that the campaign will provide true momentum and will help to ensure that the sesquicentennial of the university's founding will see a new world of opportunity for San Jose State University.



## Next Steps

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- Finalize preliminary campaign priorities.
- Develop prospectus for advanced gift phase of the campaign.
- Begin presidential letters to top prospects.
- Initiate presidential dinners.
- Establish faculty advisory council for the campaign.
- Begin local events using faculty speakers.
- Recruit and hire additional staff members.

## Possible Gift Table for a \$150 Million Campaign

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Gift Level	Number	Amount	Total	Prospects Needed
\$20 million*	1	\$20,000,000	\$ 20,000,000	3
\$15 million	1	\$15,000,000	\$ 35,000,000	3
\$10 million	2	\$20,000,000	\$ 55,000,000	6
\$5 million	5	\$25,000,000	\$ 80,000,000	15
\$2.5 million	5	\$12,500,000	\$ 92,500,000	15
\$1 million	15	\$15,000,000	\$107,500,000	45
\$500,000	20	\$10,000,000	\$117,500,000	60
\$250,000	40	\$10,000,000	\$127,500,000	160
\$100,000	100	\$10,000,000	\$137,500,000	500
\$50,000	100	\$ 5,000,000	\$142,500,000	500
\$25,000	200	\$ 2,500,000	\$145,000,000	1,000
Below \$25,000	Many	\$ 5,000,000	\$150,000,000	

\*Note: The gift table would change significantly if SJSU were able to obtain one or more gifts in excess of the \$20 million top donation.