

Pivot from Covid-19



Scott R Lange, President
Introduces the Team at:

Web Session
Friday May 29, 2020

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Philanthropic Consulting, LLC

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Pivot – Shutdown Impact



The new, 2020 revenue model
Michael Shippam



Healthcare Revenue

1. Reimbursements:

- Co-pay
- Private Insurance
- Medicare
- Medicaid

2. Covid-19

- Reimbursed by government

3. Elective Surgery

4. Outpatient visits

5. Grants and Contracts

- Clinical trials

6. Philanthropy

- Endowment.
- Charitable Gifts
- Events



Membership Revenue (Theaters/Museums)

1. Revenue:

- Ticket sales
- Membership payments
- Gift shop

2. Covid-19

- Small business loan

3. Philanthropy

1. Endowment Revenue
2. Charitable Gifts
3. Events



Education Revenue Model

- **Tuition:**
 - Current forecasts anticipate approximately a decline of a 15% in new and returning students this fall.
- **Room and Board**
 - Impact of social distancing turns doubles into singles
- **Student Fees**
 - Fewer students, fewer amenities, fewer dollars



Non-Student H.E. Revenue Model

Student Fees

Ancillary Income

Bookstore & Parking

Grants and Contracts

Endowment

Current losses have average -15%; similar to the 2008/09 financial crisis

Philanthropy

40 Million unemployed, = fewer donors

Investments of Ultra Wealthy diversified, = more dollars

Options and Impact

- Reduced dorm space and residential student head count
- Right sizing the academy
 - Division and Department student: faculty ratio to evaluate longevity

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Pivot – The Budget

The new, 2020 revenue model

Ava Willis-Barksdale





Regional Impact and Differentiation

- Open States
 - Georgia, Wisconsin, South Dakota, Montana,
 - Mississippi, Alabama, Texas, Florida
- Slow Opening
 - Ohio, Pennsylvania
 - Harvard will do Medicine and Law On-Line
- Closed States
 - New York, New Jersey, Illinois, Michigan, California
 - California State Universities on-line through the fall



Post Covid-19 Budgets Must Be.....

A. Mission Critical

B. Based on Best Estimates of Revenue Projections

For Staffing, Budgets Must:

- A. Focus on the Key, *Mission Central*, Areas of Distinction for the Organization
 - i. Consider cutting *Extraneous* Departments or Activities
- B. Adequately*, but not Overly staff those Key Departments, Procedures, and Operations



Specific to Advancement, Budgets must.....

- A. Support **Relationship-building** and Engagement
- B. Finance **Fundraising** Efforts
 - i. Personal Solicitation
 - ii. Direct Solicitation
- C. **Outsource** some Services
- D. Create Efficiency
- E. Opportunity to **Re-Engineer**

Budgeting Summary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	
Revenue												
A.												
Start-up Assets Pledged												\$0
Capacity Building Gifts	\$785,259											\$0
Interest on Gifts 2%		\$0	\$79,228	\$179,655	\$290,446	\$409,748	\$533,155	\$577,333	\$600,312	\$490,783		\$3,160,661
Assets Allocated per Year	\$723,773	\$0	\$79,228	\$179,655	\$290,446	\$409,748	\$533,155	\$577,333	\$600,312	\$490,783		\$3,884,434
B.												
Projected Campaign Gift Revenues												
New Major Gifts Received ¹	\$0	\$4,753,666	\$6,025,664	\$6,647,455	\$7,158,114	\$7,404,382	\$2,650,715	\$1,378,718	\$841,030	\$273,631		\$37,133,374
Planned Gifts / Bequests ²		\$528,185	\$669,518	\$738,606	\$795,346	\$822,709	\$294,524	\$153,191	\$84,103	\$27,363		\$4,113,545
Total Campaign Contributions	\$0	\$5,281,851	\$6,695,182	\$7,386,061	\$7,953,460	\$8,227,091	\$2,945,239	\$1,531,909	\$925,133	\$300,994		\$41,246,920
C.												
Total Revenue	\$723,773	\$5,281,851	\$6,774,410	\$7,565,717	\$8,243,907	\$8,636,839	\$3,478,394	\$2,109,242	\$1,525,445	\$791,776		\$45,131,354
Expenses												
D.												
Projected Salary Expense												
Salaries [Including Benefits]	\$568,000	\$830,700	\$1,034,115	\$1,083,105	\$1,085,785	\$1,095,406	\$1,124,285	\$1,137,420	\$1,147,591	\$1,175,405		\$10,281,812
E.												
Projected Operating Expense												
Counsel												
Strategic Communications	\$57,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$57,300
Campaign Counsel	\$85,500	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000		\$517,500
Collateral	\$26,898	\$6,305	\$33,837	\$31,398	\$46,425	\$31,453	\$46,801	\$31,829	\$46,857	\$27,218		\$329,019
Travel	\$6,902	\$20,478	\$37,835	\$60,584	\$107,430	\$100,678	\$86,952	\$69,595	\$46,846	\$43,538		\$580,839
Events	\$35,667	\$35,667	\$35,667	\$35,667	\$35,667	\$35,667	\$35,667	\$35,667	\$35,667	\$35,667		\$356,670
Cell Phone	\$840	\$1,680	\$3,660	\$3,756	\$3,856	\$3,960	\$4,068	\$4,180	\$4,297	\$4,418		\$34,714
Software	\$48	\$120	\$168	\$168	\$168	\$168	\$168	\$168	\$168	\$168		\$1,512
Supplies	\$500	\$500	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400		\$140,197
Total Operating Expense	\$213,654	\$112,750	\$176,567	\$196,972	\$258,946	\$237,325	\$239,055	\$206,838	\$199,234	\$176,409		\$2,017,751
F.												
Equipment Expense												
Laptop Computers	\$2,339	\$3,508	\$2,339	\$2,339	\$3,508	\$2,339	\$2,339	\$3,508	\$2,339	\$2,339		\$26,894
Cell Phones	\$770	\$1,925	\$2,695	\$2,695	\$2,695	\$2,695	\$2,695	\$2,695	\$2,695	\$2,695		\$24,252
Furniture	\$496	\$744	\$496	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,736
Total Equipment Expense	\$3,605	\$6,177	\$5,529	\$5,033	\$6,203	\$5,033	\$5,033	\$6,203	\$5,033	\$5,033		\$52,882
H.												
Total Expense	\$785,259	\$949,626	\$1,216,212	\$1,285,110	\$1,350,934	\$1,337,764	\$1,368,374	\$1,350,461	\$1,351,858	\$1,356,847		\$12,352,445
I.												
Deficit / Surplus	-\$61,486	\$4,380,240	\$5,630,124	\$6,343,351	\$6,971,326	\$7,378,360	\$2,177,210	\$843,538	\$259,345	-\$492,148		\$28,894,474.86
Deficit / Surplus - Cumulative	\$0	\$4,380,240	\$10,010,364	\$16,353,715	\$23,325,041	\$30,703,401	\$32,880,611	\$24,168,578	\$30,962,746	\$32,388,463		

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Revisiting The Numbers



What can we learn about our constituents and their capacity?

Michael Shippam, Senior Consultant



Current Philanthropic Outlook





Transitioning Engagement Activity





Response to Outbound E-mail & Phone



Re-Evaluation of Wealth Screening



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Donor Survey

The value of asking questions

Scott R. Lange, Founder



Identify the Audience

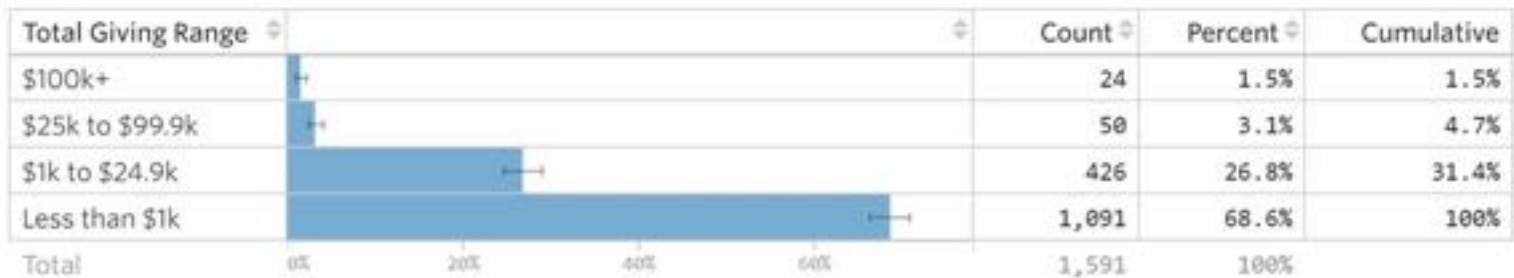
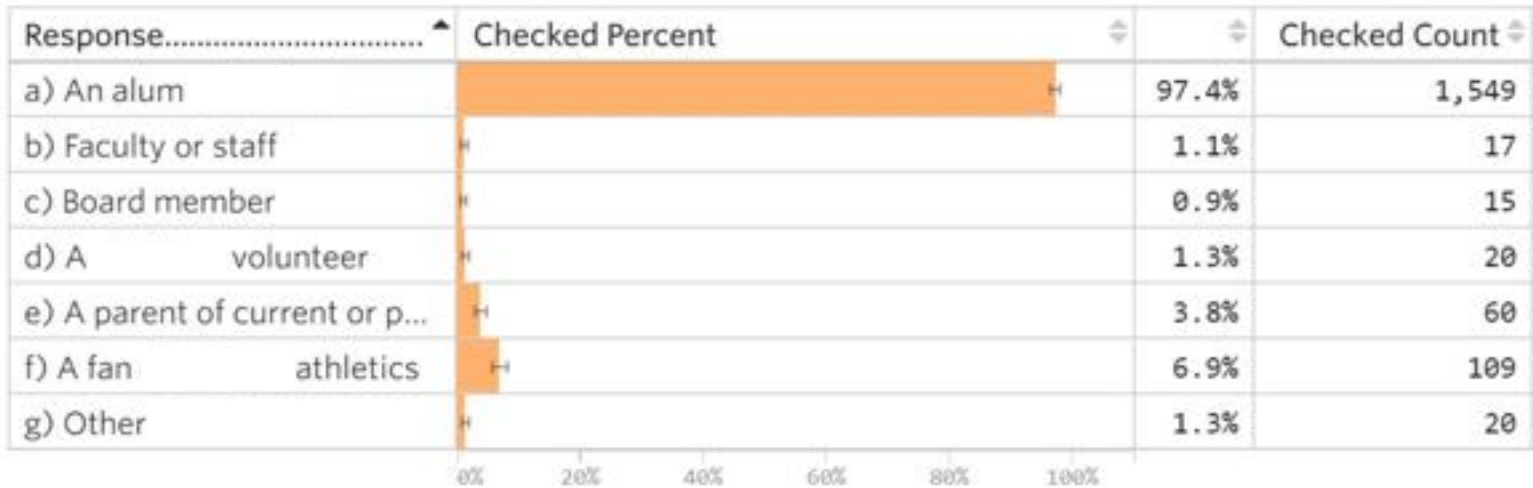
Education

- Board Members
- Advisory Board Members
- Major Donors
- Qualified Gift Prospects
- Recent Donors, (last five years)
- Alumni
- Parents
- Friends

Healthcare

- System/Hospital Board Members
- Advisory / Foundation Board
- Major Donors
- Qualified Gift Prospects
- Recent Donors, (last five years)
- Patients
- Guarantors
- Vendors & Supporters

Cross Reference the Constituents



Craft the Questions

1. What do you want to discover?
2. Are you willing to hear what others say?
3. What will you do with the information?
4. Make the survey easy to complete
5. Ask the question several different ways to ensure you receive valid responses on key issues.

Sample Survey Questions

Organizational Questions:

What three words would you use to describe this organization to a friend?

1. _____
2. _____
3. _____

Is this your first visit to our organization? Yes No

If no, how many times do you usually visit each year?

Less than once a year 2 or 3 times 4 or 5 times More than 5 times

Would you recommend it to a friend or relative? Yes No

Are you a member? Yes No In the past, but not now

Have you ever visited this our organization for any of the following activities?

(Check all that apply)

- | | | |
|---|------------------------------------|---|
| <input type="checkbox"/> A special event | <input type="checkbox"/> A concert | <input type="checkbox"/> A guided tour |
| <input type="checkbox"/> A family program | <input type="checkbox"/> A lecture | <input type="checkbox"/> A studio class |
| <input type="checkbox"/> Our gift shop | <input type="checkbox"/> A film | <input type="checkbox"/> Restaurant or cafe |
| Other (specify) _____ | | |

What motivated you to visit our museum today? (Please select three choices in rank order. A ranking of "1" indicates your first choice, "2" your second choice, and "3" your third choice.)

- | | |
|--|--|
| <input type="checkbox"/> a. See a particular exhibition. Which one (specify) _____ | |
| <input type="checkbox"/> b. Attend a particular program. Which one (specify) _____ | |
| <input type="checkbox"/> c. Visit the entire museum | |
| <input type="checkbox"/> d. Visit the museum shop | <input type="checkbox"/> i. Spend time with friends |
| <input type="checkbox"/> e. Visit the cafe/restaurant | <input type="checkbox"/> j. Spend time with family |
| <input type="checkbox"/> f. Take advantage of a free admission day | <input type="checkbox"/> k. Entertain out-of-town visitors |
| <input type="checkbox"/> g. Enjoy a spiritual experience | <input type="checkbox"/> l. Enjoyed a past visit |
| <input type="checkbox"/> h. Conduct research/do a school assignment | <input type="checkbox"/> m. Other (specify) _____ |

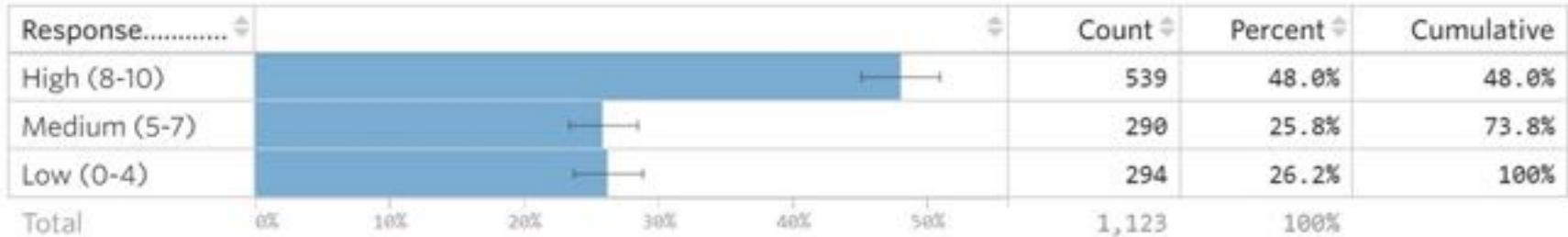
What would encourage you to come back to this organization? (For example, a family day, extended hours, discount, etc.)

Did anything interfere with your ability to enjoy your visit today? Yes No
If YES, please specify:



Drill down on the responses

Q. Knowing the Impact of your Gift in Deciding Whether to Give:



Response.....	\$100k+	\$25k to \$99.9k	\$1k to \$24.9k	Less than \$1k
High (8-10)	87.5%	53.8%	44.2%	48.4%
Medium (5-7)	6.3%	30.8%	27.1%	25.5%
Low (0-4)	6.3%	15.4%	28.7%	26.1%
Total	100.0%	100.0%	100.0%	100.0%

Cross referencing the answer given with the capacity to give:

88% of the major gift donors make a philanthropic investment based on the IMPACT of their donation

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Insight on the Corporate and Foundation Market



Understand the Marketplace and the Margin
Jason Blumenthal, Senior Consultant



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Do your research

- Follow the business activity and the money
- Some companies are doing well in this economy
- Other companies are facing bankruptcy
- Others are somewhere in between

In Short, the Message from You is

- We Have Been Here
- We Are Still Here
- We Will Be Here

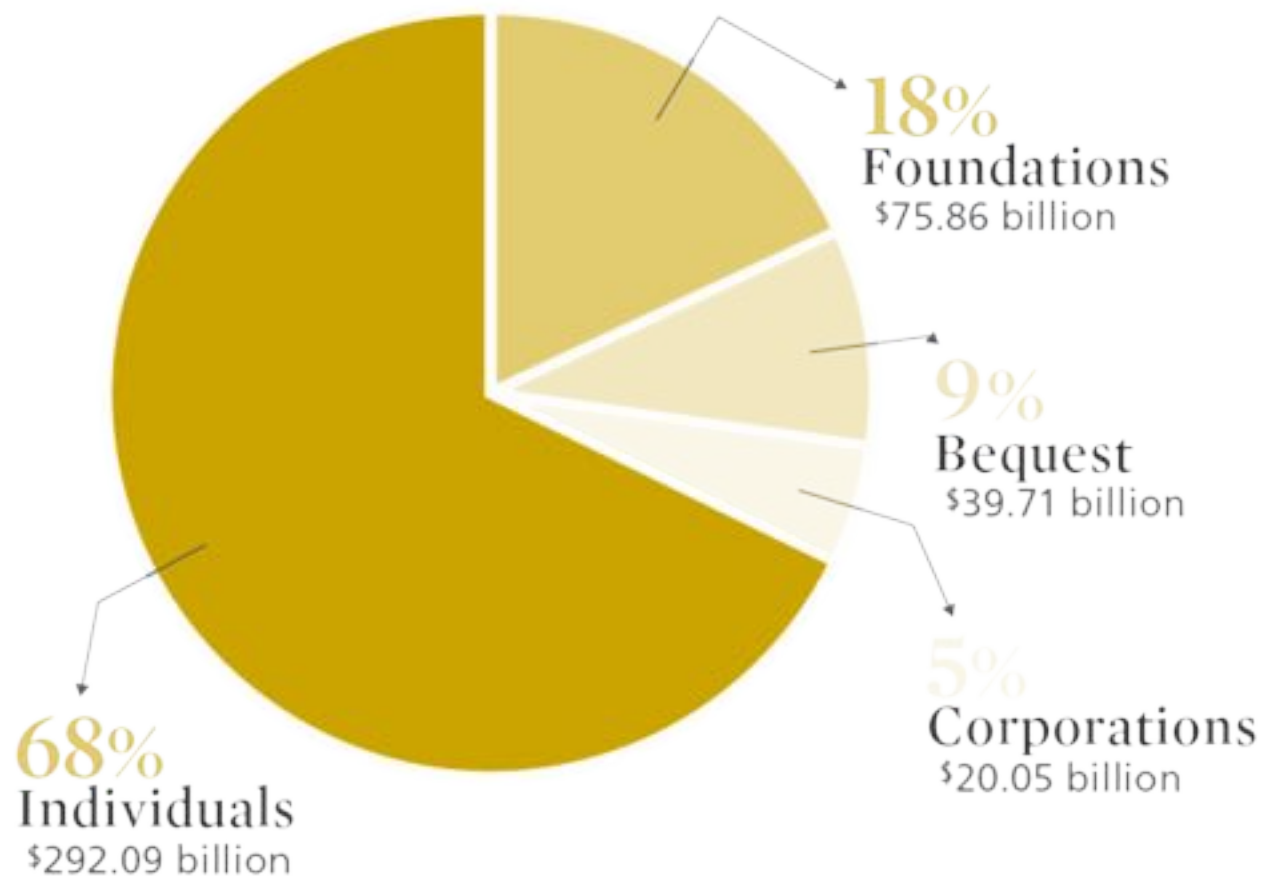


Differentiation of Foundations

- **Community** Foundations
 - Current focus on Covid-19
 - Likely shift to original mission charters
 - Including community emergency
- **Family** Foundations
 - Continued support of top 3 charities
- **Corporate** Foundations
 - Research, and/or
 - Community, social responsibility focus



Source of Giving

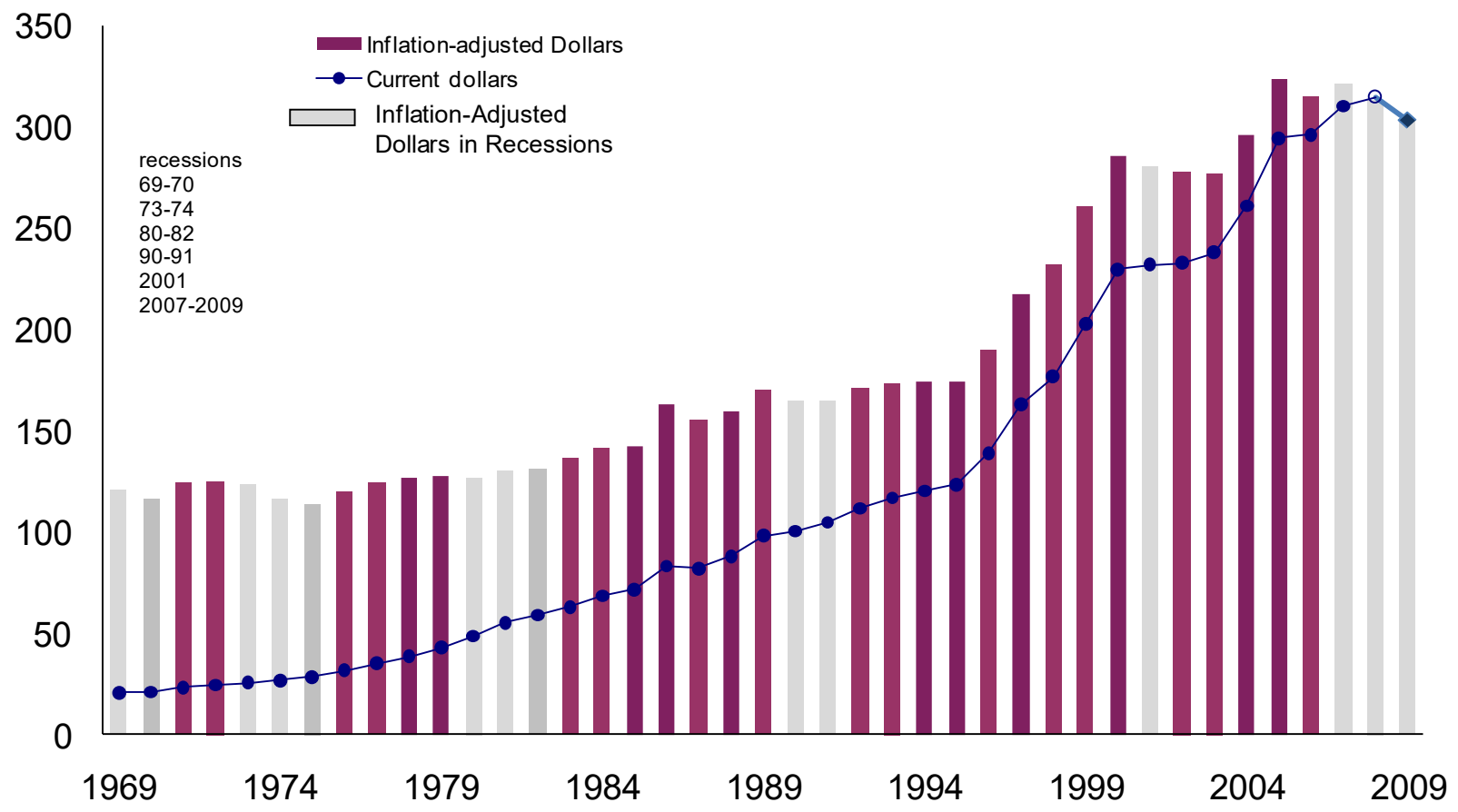




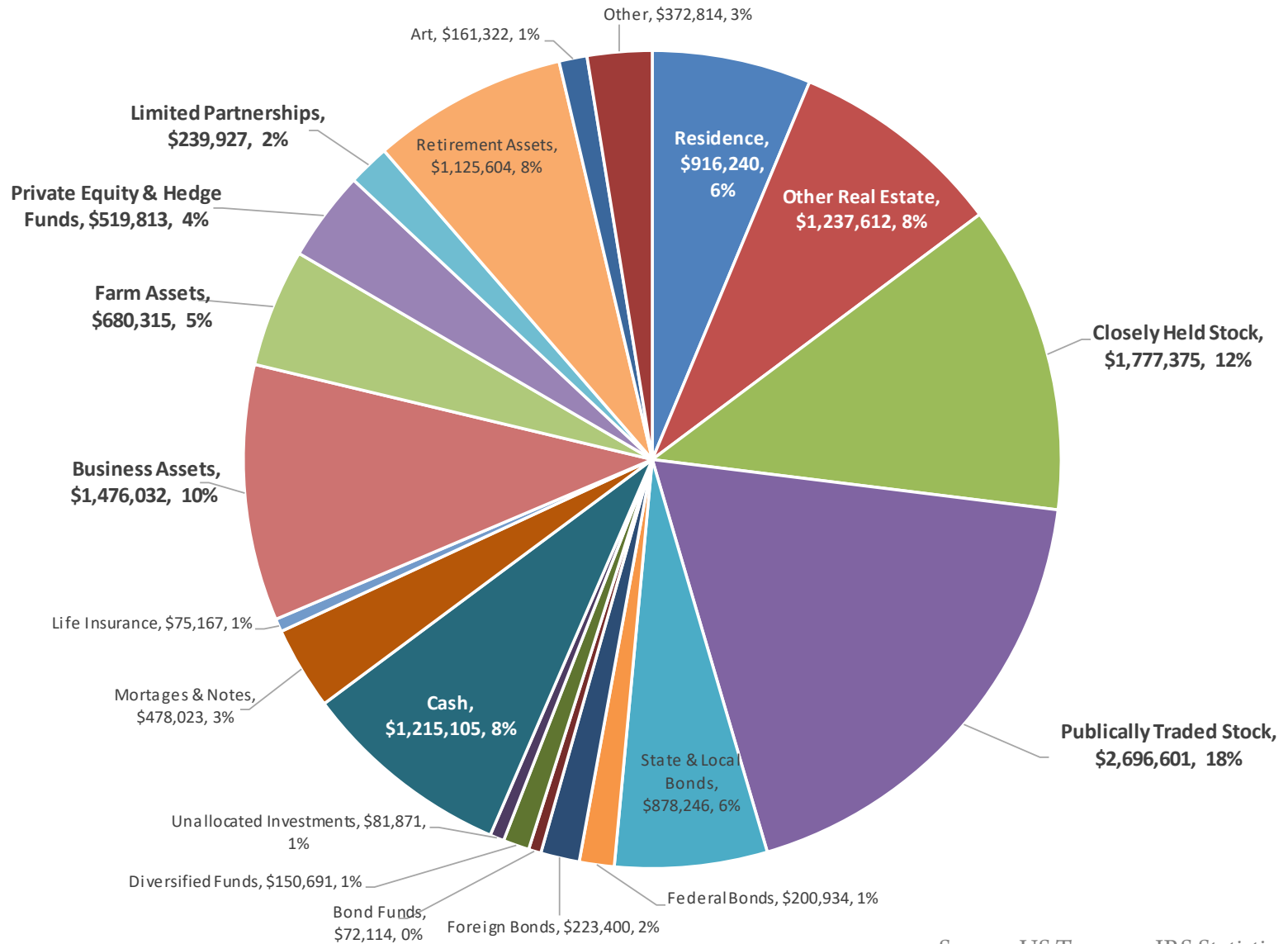
Recession Giving

Total giving: 1969-2009
(billions of dollars)

- Giving declined in 2009 for the first time



Ultra Wealthy may continue to Step UP



Source: US Treasury, IRS Statistics

<https://www.irs.gov/statistics/soi-tax-stats-all-top-wealthholders-by-size-of-net-worth> 31

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Impact of Leadership

Donations by example

Alicia Phillips, President Redwood Campaign Adviser





Required Commitment from the C-Suite

- Craft a Clear Articulation of Mission & Vision
- Demonstrate Resolve and Optimism while Acknowledging a Realistic Landscape
- Decisiveness
- Willingness to participate in messaging and fundraising



Ask the Board to Step Up

- Demonstrate that we are one of your top 3 priorities
- Including a significant gift to current operating support
- Recognizing that the companies some board members lead may be adversely impacted by the current economy

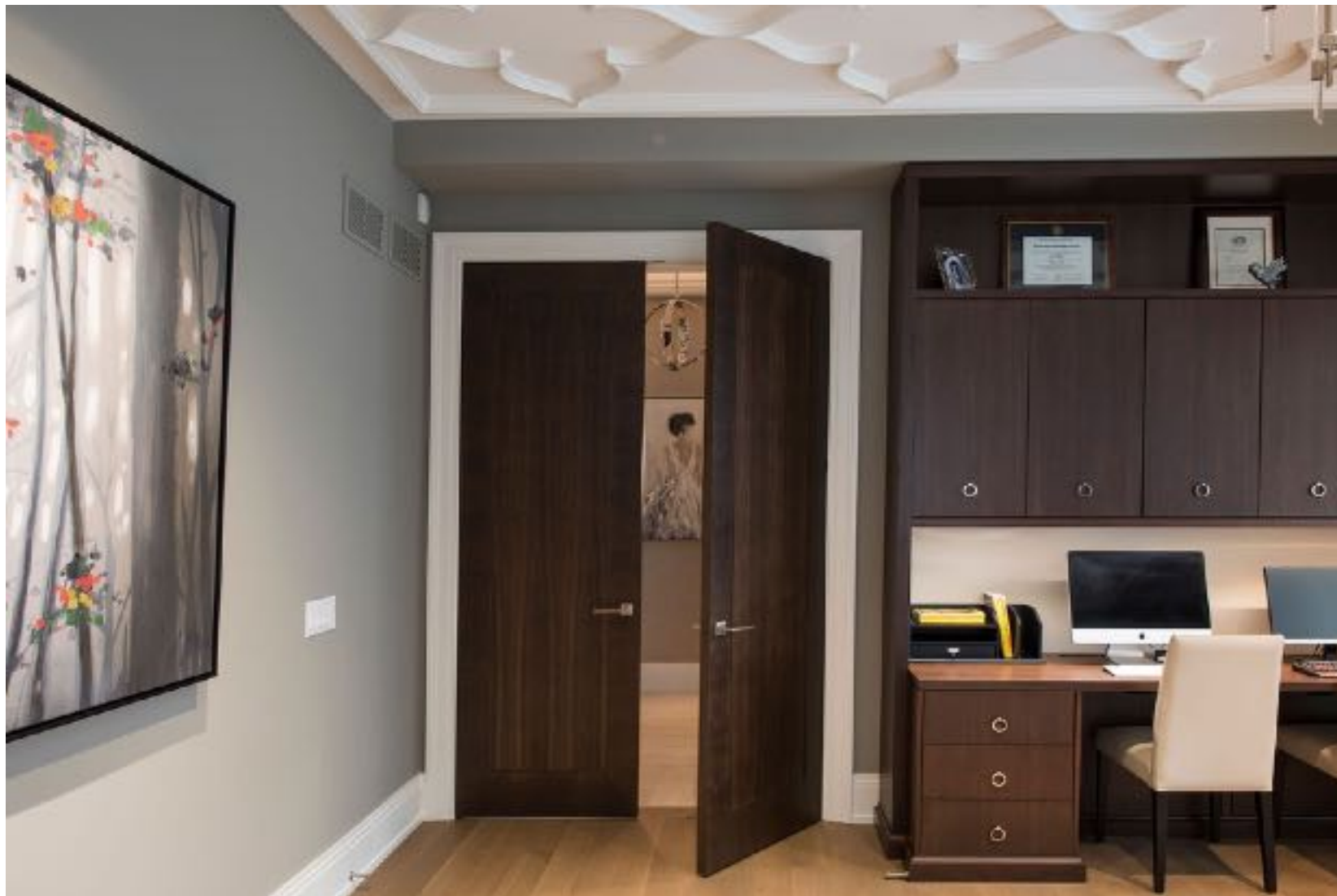


Ask the Board to Solicit

Ask each board member to participate in the solicitation of 5 people

- As part of attracting new donors, each member of the board, whether new or existing, should take on the goal of bringing five new supporters of high net worth to the organization's donor list in 2020.
- Conceivably, these donors could become potential board members
- This cultivation and solicitation must begin now.

Ask the Board to Walk thru New Doors



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Impact of Leadership

Long term strategies that endure



BIZARRO

By Dan Piraro



Are you in a bottomless pit?





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Leadership Components for Fundraising

1. Case development
2. Board development
3. Staff development
4. Infrastructure development



Presenting the Case for Support



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Board Development

1. Determine key board committees
2. Determine where primary board authority for fundraising resides (a “development committee,” executive committee?)
3. Determine role of potential campaign committee as to its alignment with the Board
4. Determine requisite individual board responsibilities for giving, for fundraising and for prospect discovery and relationship initiatives



Create a Governance Committee



- Create a governance committee to initiate an evaluation of board role and responsibility



Staff Development



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Infrastructure Development

Key issue: what is the “investment appetite” for the organization for fundraising?

1. **Test** the organizational appetite as to revenue/expense expectations,
2. Use **industry-standard metrics** as examples;
3. Suggest looking at **3-year-rolling average** of ROI/CTRD,
4. **Present** these numbers clearly on a monthly basis at board and committee meetings
5. Be aware that the most difficult experiences will be **expectations** of strong fundraising in absence of substantial institutional case

Dock Manager

Mask Supplies





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Discussion

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Thank you!

For more information contact
info@visionaryphilanthropy.com

Visit the web site: www.visionaryphilanthropy.com/resources

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Appendix

1. Case Development Check List

- ✓ Strategic and consistent cohesion between fundraising office and executive leadership of the organization
- ✓ Key leader/coordinator between fundraising office and executive staff
- ✓ Key task force of top system finance and operations leadership and fundraising leadership
- ✓ Key linkage to ultimate decision-makers
- ✓ Develop key metrics around specific case components, projected decision timeframe and projected construction/implementation schedule (capital, program, endowment)
- ✓ Develop #5 into campaign if feasible
- ✓ Rinse and repeat (1-4 above)

2. Board Development

Do you need to Conduct a Governance Assessment?

- The Chair of the Board appoints a Governance Task Force;
- The Chief Executive develops a checklist of current Board practices and shares with the Governance Task Force;
- Board members each complete the assessment tool online;
- The Governance Task Force then addresses its assignment:
- Interviews representatives from among the best hospital foundations;
- Compares Foundation board information and demographics against the Governance Index Benchmark (Boardsource Nonprofit Governance Index 2007);
- Reviews and evaluates the responses of board members to the assessment tool;
- Brings a comprehensive recommendation to the full board, the first of which is the formation of a permanent governance committee of the board.