Show Me the Money: Philanthropic Giving to Higher Education in the 21st Century

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Abstract

Universities and colleges today seek new patterns of funding in the face of decreasing state and federal appropriations. Thus, fundraisers in higher education must remain vigilant to a new trend in philanthropy, known as venture philanthropy, driven by an entrepreneurial approach to giving. Philanthropic giving is shifting in philosophy from pure giving to an investment, merging the goals of social giving with a return on investment generally equated with corporations and business. In order to capitalize on every funding opportunity, higher education institutions must recognize and react to the shifting patterns in philanthropy. This study assesses individual fundraisers’ and institutions’ awareness and incorporation of venture philanthropy. It also points out implications of venture philanthropy for educational fundraising and suggests practical next steps for higher education institutions.
# Table of Contents

Research Question.................................................................................................................. 4  
Rationale.................................................................................................................................. 5  
Literature Review....................................................................................................................... 7  
  Introduction............................................................................................................................... 7  
  Convergence between Nonprofit and For-Profit Sectors ......................................................... 11  
    Social Entrepreneurship ........................................................................................................ 12  
    Corporate Social Responsibility ......................................................................................... 15  
  Background of Philanthropy.................................................................................................... 17  
  Venture Philanthropy .............................................................................................................. 21  
    Shifts to Venture Philanthropy ............................................................................................ 21  
    Implications of Venture Philanthropy .................................................................................. 25  
Higher Education Fundraising ............................................................................................... 28  
Conclusion and Interpretation................................................................................................. 36  
Data Collection ....................................................................................................................... 39  
  Data Sources and Methods .................................................................................................... 39  
    Interviews ............................................................................................................................ 40  
    Survey ................................................................................................................................ 41  
    Artifact analysis ................................................................................................................ 43  
  Consents Secured ................................................................................................................... 45  
  Ethics Considered .................................................................................................................. 45  
Data Results Summary ............................................................................................................ 47  
  Interviews with Fundraisers..................................................................................................... 47  
  Survey of Fundraising Leaders ............................................................................................. 54  
  Artifact Analysis of Fundraising Websites ......................................................................... 57  
Interpretation ........................................................................................................................... 62  
  Varied Levels of Familiarity with Venture Philanthropy ....................................................... 62  
    Interviews ............................................................................................................................ 63  
    Surveys ............................................................................................................................... 64  
    Website analysis ................................................................................................................ 65  
  Discrepancy between Literature and Data on Higher Education Fundraising .................... 68  
  Relationship between Venture Philanthropy and Stewardship ............................................ 73  
Conclusion ............................................................................................................................... 75  
  Limitations ............................................................................................................................ 77  
  Further Questions ................................................................................................................ 79  
  Next Steps ............................................................................................................................. 80  
References ............................................................................................................................... 83  
Appendix A ............................................................................................................................. 90  
Appendix B ............................................................................................................................. 92  
Appendix C ............................................................................................................................. 93
Research Question

How are new patterns in philanthropy changing gifting to higher education institutions?
Rationale

Having worked both in a for-profit corporation and a nonprofit private university, I am interested in the similarities and differences between for-profit and nonprofit structures, operations, and attitudes. Specifically, the intersection between for-profit and nonprofit, along with a mutual exchange of ideas and pressures, is leading to new and invigorating approaches to social problems. These innovative styles may lead to more efficient and effective solutions to challenges in the social sector. However, as attitudes toward the organizational structure of social missions change, so do conceptions of funding and sustainability.

As I witness and read about donors approaching philanthropy more as an investment than an outright gift, I wonder about the implications for fundraisers in higher education. While higher education has not recently lacked media attention or financial support, with top institutions announcing larger and larger campaign goals, might it find itself behind the curve in the future?

Organizationally, higher education institutions have become more entrepreneurial (e.g., Etzkowitz, 2003; Hopkins, 2002; Pusser, 2005) in a variety of ways. However, their approach to fundraising does not appear to have changed significantly even in light of quite drastic shifts in both the attitude toward and practice of philanthropy. If universities and colleges do not recognize and adapt to new patterns in philanthropy, they risk losing a sector of support upon which they are increasingly reliant. Thus my study explores the extent to which the trend impacts higher education institutions, as well as university fundraisers’ awareness of and reaction to this new trend by asking the
question: How are new patterns in philanthropy changing gifting to higher education institutions?
Literature Review

Introduction

Popular media is brimming with stories of innovative approaches to philanthropic causes. For example, Google, a company epitomizing entrepreneurship and creativity, recently launched its foundation, Google.org, as a for-profit organization, rather than the traditional nonprofit method guided by its faith in the for-profit model as an effective social change agent. The Bill and Melinda Gates Foundation has entered the spotlight for tackling problems overlooked by both the governmental and for-profit sectors due to lacking incentives (Singer, 2006). Warren Buffett’s $43.5 billion donation last year broke philanthropic records (DiMento & Lewis, 2007). Young entrepreneurs who made their fortunes in the dot com boom are infusing an entrepreneurial style into traditional giving (Strom, 2006). In early 2006, The Economist featured a survey on the rise of social entrepreneurship and entrepreneurial philanthropy describing a new generation of technology leaders who are approaching charitable giving in imaginative ways ("Business," 2006). Last November The New York Times printed a story on profit-making, yet socially-minded enterprises that blur the lines between philanthropy and business (Strom, 2006). It coined the phrase “philanthropreneurs” to refer to a new generation of donors and leaders who are melding the goals of for-profit and nonprofit organizations. Yet, does this media frenzy point to a growing phenomenon or is it merely illustrating a few odd examples whose ideas will fade as quickly as the dot com bubble burst?

Attention devoted to this fresh topic by academics in the form of articles, books, and conferences in various disciplines suggests that it is more than a passing trend and
merits greater scrutiny. Moreover, changes in the structure and attitudes of the social sector will have far-reaching implications for nonprofit organizations. Higher education institutions are no exception. In fact, another recent article in *The New York Times* featured organizations and individuals who, seeking new philanthropic ideas, have granted substantial gifts to community colleges as the neediest of higher education institutions (Arenson, 2006). This new generation of donors is shaping philanthropic patterns and their societal impact.

As government support for social causes declines, responsibility for social goods is shifting from the public sphere to the private sphere causing profound changes in the structure and attitudes toward socially-minded organizations (Perrini & Vurro, 2006). These organizations are increasingly adopting more entrepreneurial, or business-minded structures, operations, and attitudes. As society rethinks what it means to be a “non-profit” organization, it is also reconsidering how these institutions should be funded. Funding, and philanthropy in general, has also been infused with a spirit of entrepreneurship. While there is still no consensus on whether these new philanthropic patterns represent a “paradigm shift” (McCully, 2000), or simply a passing trend (Husock, 2006), they will inevitably affect institutions dependent upon philanthropic gifts, including universities and colleges. Thus higher education institutions must recognize and remain vigilant to the shifting patterns in philanthropy.

Literature suggests that the face of philanthropy is changing drastically and thus may impact fundraising efforts and strategies at colleges and universities. Donors are increasingly more outcome-focused, more collaborative, and more imaginative. They seek new opportunities which they believe can truly impact a defined aspect of society in
a measurable way. Underlying these new strategies is the expected transfer of wealth from one generation to the next, exponentially increasing the amount of money available for charitable causes. While no one can ascertain that entrepreneurial influences on the nonprofit world will become a permanent fixture, an entrepreneurial spirit has already significantly reshaped the higher education sphere.

Higher education institutions exhibit entrepreneurship in a variety of ways (Hopkins, 2002). Most universities have created revenue-generating enterprises and business partnerships based on service contracts in an effort to seek alternative and creative forms of revenue (Pusser, Gansneder, Gallaway, & Pope, 2005). For example, to cut costs, universities “outsource” areas such as dining services to outside vendors. They lose some autonomy and control in return for a more economical arrangement. Colleges and universities also respond to market demands, focus on efficiency and productivity, and often operate their schools like individual business units (Doane & Pusser, 2005). Overall, higher education institutions are compelled to compete for funding while maintaining their accountability and competitiveness (Couturier, 2005). However, there is little evidence that they are strategically assessing the changes in philanthropic attitudes and how these changes may affect gifting to their organization.

Higher education in the United States has always depended on private support from wealthy donors. A general decrease in state and federal government appropriations to higher education institutions has heightened the significance of and focus on private gifts as a source of income. The changing fiscal and political environment of the late 20th and early 21st centuries has created a squeeze on higher education and other social and public goods. Financially, state appropriations for higher education institutions, as a
portion of the total state budget, have shrunk. Fundraising units within institutions of higher education feel pressure to bolster their operations to fill waning coffers with donations from private support. More established institutions, especially private ones, have sophisticated development or advancement offices devoted to raising funds from alumni, individuals, foundations, and corporations. Increasingly, smaller colleges, and even community colleges, are building up their fundraising capacity (Bass, 2003; Babitz, 2003) to keep up with financial demands. Reliance on donor gifts is growing at a time when patterns in philanthropy in the United States are changing.

Even as fundraising plays a more central and crucial role in university operations, there is relatively little academic literature on the topic (Kelly, 2002). The literature that exists makes scant mention of new philanthropic trends. More published information is needed on how these trends may affect gifting to higher education institutions, and how institutions should subsequently respond. This study attempts to further explore new approaches to philanthropy, and to gauge higher education fundraisers’ understanding and interpretation of how these trends will change gifting to colleges and universities. Thus this study asks the question: How are new patterns in philanthropy changing gifting to higher education institutions?

This literature review examines existing works relevant to answering the research question. It focuses on four major domains: convergence between nonprofit and for-profit sectors, background of philanthropy, venture philanthropy, and higher education fundraising. The first section on convergence between sectors paints a broad picture of the mutual influence of for-profits and nonprofits on each other, and how this affects societal understanding of the purpose and shape of socially-based organizations. A
background of philanthropy, its historical role, and its significance to higher education make up the next section. The third section focuses on the characteristics, causes, and implications of new trends in philanthropy. Finally the literature review delves into theories of higher education fundraising and how they can be reconciled with new philanthropic patterns. Each of these sections serves to provide a clearer understanding of the central research question.

**Convergence between Nonprofit and For-Profit Sectors**

Entrepreneurial thinking within the social sector is part of a larger phenomenon of a convergence between the previously separate worlds of for-profit and nonprofit. Just as nonprofit organizations adopt business-minded approaches, businesses and corporations are also becoming more socially aware. An intersection between the two spheres has been created. The lines demarking governmental, nonprofit, and for-profit sectors are blurring. As government funding decreases, nonprofits are taking on increased social responsibility. At the same time, businesses are playing a larger role in social initiatives both through corporate social responsibility (CSR) and through their managerial impact on nonprofits. These shifts in sectoral boundaries enable greater cooperation and lead to an increased commitment to public responsibility (Reis & Clohesy, 2001, p. 111). The developing trend of entrepreneurial thinking and methods infiltrating the social sector is often referred to as “social entrepreneurship” and will be discussed in the first part of this section. The second part of this section will explore the practice of corporate social responsibility in order to provide a general understanding of the current environment in which nonprofit and philanthropic organizations operate. The
convergence of sectors is critical to examining changes in philanthropic trends discussed in the next section.

Social Entrepreneurship

Social entrepreneurship is a phenomenon describing the adoption of for-profit principles by social initiatives in order to create new social value. While consensus on a single definition does not yet exists, Mair, Robinson, and Hockerts (2006) offer a broad definition based on various pre-existing definitions:

The concept of social entrepreneurship (SE) is, in practice, recognized as encompassing a wide range of activities: enterprising individuals devoted to making a difference; social purpose business ventures dedicated to adding for-profit motivations to the nonprofit sector; new types of philanthropists supporting venture capital-like ‘investment’ portfolios; and nonprofit organizations that are reinventing themselves by drawing on lessons learned from the business world.

(p. 1)

Not all authors would agree with such a broad definition; however, it represents the many various ideas held about SE. Indeed, one of these ideas includes new approaches to philanthropy, which is discussed in more detail in the third section.

This entrepreneurial approach to social organizations emerges from a need for increased revenue streams. Government funding for social services has decreased in recent decades. From the late 1970s through the 1980s, nonprofit organizations outside the healthcare field lost a total of $38 million due to cuts in federal funding (Eikenberry & Kluver, 2004, p. 133). The privatization and decentralization of social goods throughout the 1980s has led to a gradual shift in responsibility for social causes from the
public sphere to the private sphere. At the same time, funding cuts have increased the demand among social organizations for private dollars. Thus, the social sector has simultaneously faced greater demand for services and increased scarcity of funding (Perrini & Vurro, 2006, p. 60). Organizations found themselves unable to finance their missions, and thus turned to new sources of revenue:

As a consequence of rising costs, more competition for fewer donations and grants, and increased rivalry from for-profit companies entering the social sector, nonprofit organizations have been enlarging their range of possibility, experimenting with management practices, for-profit sector tools, and, more evidently, new funding strategies. (Perrini & Vurro, 2006, p. 60)

This new approach to the traditional nonprofit structure has been termed social entrepreneurship.

Gregory Dees (1998), one of the first to approach SE academically, describes the many ways in which an organization can adopt commercial tactics. The different approaches form a social enterprise spectrum--organizations can range from the purely philanthropic to purely commercial. Dees (1998) illustrates the various possibilities for organizations straddling the divide between purely for-profit, or commercial, and nonprofit, or philanthropic shown in Table 1 (p. 60).
Table 1. Dees’ Social Enterprise Spectrum between Purely Philanthropic and Purely Commercial Organizations

<table>
<thead>
<tr>
<th>Motives, Methods, and Goals</th>
<th>Purely philanthropic</th>
<th>Mixed motives</th>
<th>Purely commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives, Methods, and Goals</td>
<td>Appeal to goodwill</td>
<td>Mission driven</td>
<td>Appeal to self-interest</td>
</tr>
<tr>
<td>Goals</td>
<td>Mission driven</td>
<td>Social value</td>
<td>Market driven</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>Pay nothing</td>
<td>Social and economic value</td>
<td>Economic value</td>
</tr>
<tr>
<td>Capital</td>
<td>Donations and grants</td>
<td>Below-market capital, or mix of donation and market-rate capital</td>
<td>Market-rate capital</td>
</tr>
<tr>
<td>Workforces</td>
<td>Volunteers</td>
<td>Below-market wages, or mix of volunteers and fully paid staff</td>
<td>Market-rate compensation</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Make in-kind donations</td>
<td>Special discounts, or mix of in-kind and full-price donations</td>
<td>Market-rate prices</td>
</tr>
</tbody>
</table>


While there is substantial pressure on nonprofits to expand their sources of revenue, commercializing also contains risks. The business culture may conflict with the social sector; the enterprise may not prove to be as profitable as hoped; and focus on the bottom line may clash with democratic values and diminish public and political support (Dees, 1998, p. 58; Emerson, 2000, p. 218).

As nonprofits become increasingly focused on revenue, they may lose their status as creators and supporters of a strong civil society, thus diminishing their social value (Eikenberry & Kluver, 2004, p. 135). Furthermore, and perhaps most importantly, focus on commercial pursuits may undermine the social mission of the organization (Dees, 1998, p. 56; Reis & Clohesy, 2001, p. 117). Once an organization adopts additional profit-making goals, it devotes fewer resources to social undertakings. The balance of commercial activity versus social action determines an organization’s placement on
Dees’ spectrum. Other authors question the long-term effects of commercialized nonprofits. Commercializing nonprofits may serve the short-term success of the organization, but have negative long-term consequences (Eikenberry & Kluver, 2004, p. 132).

*Corporate Social Responsibility*

As socially-based organizations adopt for-profit elements, similarly businesses are incorporating social initiatives into their missions. Social entrepreneurship’s counterpart in the business world is corporate social responsibility, or corporations’ efforts to adopt socially responsible business practices and philanthropic initiatives. Reis and Clohesy (2001) term this movement “business and social responsibility” and define it as, “business leaders moving from one-dimensional charity to multidimensional methods of achieving corporate citizenship” (p. 115). Business leaders willing to improve society are listening and responding to calls for more responsible business practices, ranging from environmental to human rights to corporate philanthropy. For example, Charles Moore (2007), Executive Director of the Committee Encouraging Corporate Philanthropy, promotes corporate philanthropy while simultaneously acknowledging growing expectations on companies from both consumers and shareholders (p. 1). In his opinion, the most strategic decisions for a company are those that promote company values and at the same time positively impact society (Moore, 2007). While SE was prompted by decreasing funds and growing demand, CSR was fueled by an active and engaged civil society, as well as innovative business leaders (Reis & Clohesy, 2001, p. 118). The for-profit sector’s concern for and devotion to social causes contributes to the blurring line between for-profits and nonprofits. Both academics and practitioners acknowledge this
phenomenon of convergence between the nonprofit and for-profit sectors. In the same way that nonprofits recognize value in and incorporate business practices, so corporations discover value and purpose in serving society.

The convergence of nonprofit and for-profit is changing the structure, operations, and values of both sectors. More importantly, it enables greater cooperation between socially-based and profit-based organizations. Furthermore, new organizations are emerging that defy the classic definitions of nonprofit and for-profit. They are each technically and legally either for-profit or nonprofit, but reflect elements of both. There are almost as many terms for these organizations as there are authors describing them: socially entrepreneurial ventures (Perrini & Vurro, 2006), social enterprises (Dees, 1998), social purpose enterprises (Emerson, 2000), and nonprofit enterprises (Reis & Clohesy, 2001). Despite the diversity in terminology, they all refer to a similar concept: an organization lying somewhere along the spectrum between nonprofit and for-profit, but not fitting perfectly in either as shown in Figure 1.

Figure 1. Convergence between nonprofit and for-profit organizations.

These organizations have characteristics of both for-profit and nonprofit organizations; they may resemble commercial organizations in certain aspects, but philanthropic ones in other aspects as shown in Table 1.

Greater cooperation between the for-profit and nonprofit sectors, as well as a more entrepreneurial approach to social missions sets the foundation for a transformation
in philanthropic giving. Some of the same forces that led to the commercialization of nonprofits are impacting philanthropy. Additionally, business leaders, especially a new generation of business leaders, recognize the value potential of endorsing socially-based organizations which embrace entrepreneurship. Philanthropy is deeply rooted in American society and hugely impacts social organizations and individuals. It plays a key role in both the redistribution of wealth and development of civic values. An examination of the historical foundation and modern versions of philanthropy illustrate the relationship between social entrepreneurship, corporate social responsibility, and philanthropy.

Background of Philanthropy

Philanthropy constitutes a major force in American society that has shaped the structure and values of today’s institutions and individuals. The underpinning of modern American philanthropy dates back to the late 19th and early 20th centuries and the legendary foundations of John D. Rockefeller and Andrew Carnegie. This era of unprecedented and influential philanthropy differentiated itself from earlier charitable giving by attempting to address the root of the problem rather than simply providing a temporary solution (Anheier & Leat, 2006, p. 20). The philanthropic concept rested on the scientific approach that dominated the social and political thinking at the time. It also helped institutionalize large-scale philanthropy by creating the legal and organizational structure of private foundations (Katz, 2007). The majority of today’s foundations continue to use the same structure to fulfill their missions of bettering society. However, two new types of foundations have emerged since then: the community foundation, created just after WWI, to funnel monies from wealthy donors to the local community;
and the corporate foundation, following WWII, to facilitate corporate philanthropy (Katz, 2007). All three types of foundations continue to play a major role in charitable giving.

Foundations make up a unique sector of society because they are neither dependent on government support, nor slave to the capitalist market: “Foundations enjoy the luxury of freedom from market and political constraints and constituencies” (Anheier & Leat, 2006, p. 9). Thus they have ample autonomy to be innovative, risk-taking, and long-term in their grant-making, and can afford to fail (Anheier & Leat, 2006; Frumkin, 2006). Foundations often take on problems or suggest risky solutions that the more restrained public or market sectors cannot, such as the example of the Bill and Melinda Gates Foundation tackling overlooked social problems with unique solutions. In one of its initiatives, the foundation seeks to decrease poverty and hunger by supporting improvements in crop production and “access to markets for smallholder farmers” ("Gates Foundation website,"). Foundations also play a civic and democratic role in supporting pluralism in society. Their centrality and importance in U.S. society highlights the significance of assessing changing trends in philanthropy and how they will impact donors, recipients, and society in general.

Today, most philanthropy follows the classic example. Traditional philanthropy, also known as “transactive philanthropy” (Emerson, 2001, p. 211) or “responsive philanthropy” (Carlson, 2000, p. 4) functions in a reactive way where nonprofits present programs to donors, often foundations, in hopes of winning a grant. If the donor likes the idea, the organization receives funds. In this case, the most successful donors are those with the largest amount of giving, not necessarily the ones who have made the most societal impact (Wagner, 2002, p. 346). This method of measurement makes sense
considering that calculating the difference a gift makes on society is complex and not always possible. In its many different forms and colors throughout history and today philanthropy has significantly shaped our society. Its impact continues to be felt, especially within the higher education system.

Philanthropy plays a major role in supporting higher education. Universities have relied on gifts from private donors since the foundation of Harvard, the first American college, in 1636. In fact, Harvard was founded on the basis of a gift of about 400 books and several hundred pounds from a young clergyman named John Harvard. Today private universities and colleges are much more reliant upon private gifts than their public counterparts, but increasingly, public institutions have attempted to capture private dollars to compensate for decreasing governmental support. Private “gifts, grants, and contracts” to public degree-granting institutions have doubled from 1980 to 2001 as a percentage of total revenue ("National Center for Education Statistics," 2005). According to the Voluntary Support of Education survey conducted by the Council for Aid to Education, gifts to higher education grew by 9.4% in 2006, increasing even more than the year before, totaling $28 billion (Strout, 2007). The increase is attributed to higher alumni and individual contributions. Almost half the total amount of gifts came from individuals (Strout, 2007), who make up the “backbone of voluntary support of higher education” ("Contributions," 2005). Colleges and universities received 34 gifts, more than any other type of organization, from the 60 most generous Americans as ranked by *The Chronicle of Philanthropy* (DiMento & Lewis, 2007). Most of these top donors made their money through investments, finance, or other business activities (DiMento & Lewis, 2007). However, the percentage of alumni making gifts decreased following a
several-year trend (Strout, 2007). This has placed even more pressure on universities to engage their alumni. In an environment of decreasing federal and state appropriations, and increased competition for students, colleges and universities are vamping up their fundraising efforts and relying more on philanthropy.

More than ever higher education needs to keep a pulse on emerging ideas and attitudes exhibited by its donors. It is no longer sufficient to simply assume that all alumni will feel responsibility to give back to their alma mater (Strout, 2007). Civic responsibility and support for higher learning must be actively cultivated and continually managed (Eikenberry & Kluver, 2004). Philanthropy is not a stagnant, constantly available source of funding. Rather, it is a living force shaped by larger societal and political patterns and individual attitudes. The different stages of philanthropy in American history have all played a shaping role in society. Philanthropy not only provides charitable relief for the most needy, but also contributes to civic and democratic values (Anheier & Leat, 2006; Frumkin, 2006). Today, more than ever, people realize the crucial role that private donations play in the redistribution of wealth in the United States, leading to a healthier and more balanced society. Moneyed individuals and foundations recognize areas of need and strive to make a genuine difference ("Business," 2006). Their more business-like approach leads the way into a new stage of philanthropy ("Philanthrocapitalism," 2006). New strategies and attitudes have the potential not only to change the face of philanthropy, but also to alter the donor-recipient relationship, as well as the definitions of for-profit and nonprofit.
Venture Philanthropy

Even as the private foundation, community foundation, and corporate foundation continue to meaningfully impact society, a new style of philanthropy is beginning to take shape. It has arisen out of new wealth created in the technology boom of the 1990s and new ideas about giving. The new attitude reflects the entrepreneurial thinking that shaped social entrepreneurship; indeed, venture philanthropy is a key element of social entrepreneurship. As with SE, there are many terms identifying the most recent trend in philanthropy: new philanthropy (Anheier & Leat, 2006; Eikenberry & Kluver, 2004), venture philanthropy (Emerson, 2000), high-tech philanthropy (Kirsner, 1999), philanthrocapitalism ("Philanthrocapitalism," 2006), social venture capital (Reis, 1999; Reis & Clohesy, 2001), and ‘new’ scientific philanthropy (Anheier & Leat, 2006). Though all these terms will be treated interchangeably, this paper will use “venture philanthropy” to refer to the ideas represented by the various terms. This is the most commonly heard and most recognized term.

Shifts to Venture Philanthropy

Eikenberry and Kluver (2004) characterize the difference between traditional philanthropy and venture, or new, philanthropy:

As opposed to the ‘old’ philanthropy- led by private foundations and characterized by separate philanthropic constituencies, professionalization, and a focus on large charitable institutions- the ‘new philanthropy’ is led by individual donors and emphasizes collaboration across groups and sectors, unconventional modes of giving and volunteering, and a focus on issues rather than institutions. (p. 134)
Venture philanthropy not only seeks out novel forms of giving, but also focuses on establishing networks and cooperation between donors and targeting specific causes with creative solutions. As an example of the changing attitude toward donations one article classifies giving to one’s alma mater, a classic philanthropic cause, as “unimaginative” ("Business," 2006). The new generation of donors prefers novel approaches to specific areas of need. For example, in 2006, the nation’s wealthiest donors revealed a penchant for causes not typically embraced by the affluent: global warming prevention, nature conservancy, environmental causes, and drug and cigarette prevention (DiMento & Lewis, 2007). While education currently remains the second largest recipient of Americans donations, receiving $33.8 billion in 2005 ("Giving USA," 2006), this pattern could change with new donor attitudes and patterns.

Another shift affecting philanthropy is the phenomenon of wealth creation and wealth transfer. While not directly related to the other new trends in gifting, its impact cannot be ignored. This development refers to the “unprecedented” wealth created in the late twentieth century, “both through earned wealth and the transfer of wealth from one generation to the next” (Reis, 1999, p. 2). Some of the earned income created came from the technology boom, and thus relates to venture philanthropy. The phenomenon of wealth transfer is often referred to among philanthropic organizations and associations, and seen as a potential boon to nonprofits and donation recipients. It is one aspect shaping the character of philanthropy in the 21st century and adds fuel to the emergence of venture philanthropy.

The new investment-like tone characterizing venture philanthropy has its roots in the business world. Letts, Ryan, and Grossman (1997) were one of the first to suggest
that foundations could benefit significantly from adopting the principles of venture
They focus on six specific strategies that foundations should borrow from venture
philanthropy: “deploying risk management tools, creating performance measures,
developing close relationships with their investments, investing more money, investing
over longer periods, and developing an exit strategy” (as cited in Carlson, 2000, p. 3).
Generally traditional foundations are criticized for focusing on recipient organizations’
programs rather than on their infrastructure (Wagner, 2002, p. 343). Others from the
business perspective claim traditional philanthropy is ineffective and behind the times.
They want to see philanthropy become agile and fast moving like the capital markets
have heeded these suggestions. Likewise, individual donors have adopted a more
entrepreneurial approach to gifting.

Donors increasingly use the language of business to describe their charitable
efforts. A primary characteristic of venture philanthropy is its focus on outcomes and
accountability. The gift becomes an investment which yields some sort of a return.
Outcomes must be measured in order to gauge the return on investment. Instead of the
standard ROI (return on investment) expected in typical financial pursuits, donors seek
different types of return on their gift: SROI (social return on investment), FROI (financial
return on investment), or EROI (emotional return on investment) (Eikenberry & Kluver,
2004, p. 134). In other words, new donors view their philanthropic activity as a business
venture from which they and society should gain. New donors research charitable
possibilities as they would investment opportunities applying the principles of venture
capitalism to philanthropy to achieve maximal social change. Additionally, they are more involved in the decision-making and implementation processes and want to see their donation and volunteerism make a visible impact; they will contribute to causes for which they believe they can make a quantifiable difference (Wagner, 2002, p. 344). Generally the new donors are more practical by keeping their focus narrow, underlining prevention and not just easy answers, providing sustainable funding, and planning an exit strategy (Wagner, 2002, p. 345). Using market methods, venture philanthropy is preoccupied with the outcomes of gifts and the accountability of organizations and donors.

The new donors often come from the technology industry earning labels such as high-tech or internet-based philanthropists. In fact, much of this new generation of donors made their fortune during the technology boom. Many are under 40, but willing to part early with their wealth (Wagner, 2002, p. 344). They are at a point in life where they no longer need to focus on earning an income; yet, accustomed to a fast-paced life and strong work ethic, they seek a meaningful activity. New donors find expression for their entrepreneurial and technological training in full-time philanthropy. Often they may not even like the word “philanthropy” instead preferring “social investment” or “venture philanthropy” (Wagner, 2002, p. 346). In contrast to traditional philanthropy, new donors approach giving proactively not waiting for nonprofits to approach them, but rather initiating a relationship with an organization around a project they themselves have created. In this model, the opposite of transactive or responsive philanthropy, the donor constructs the program instead of the nonprofit; the nonprofit still implements the program, but with much greater donor involvement. Donors are just as concerned with
the amount of time they spend with the philanthropic project as the amount of money they contribute. Their commitment is a long-term, sustainable one to which they will contribute their expertise, money, and social networks to achieve a maximal, quantifiable return on investment, be it social, financial, or emotional.

*Implications of Venture Philanthropy*

Venture philanthropy holds much hope for nonprofits and society in general in terms of new and more effective ways of redistributing wealth, but also has specific implications for the organizations it affects. From the donor perspective, if nonprofits do not attempt to accommodate new attitudes and expectations, the philanthropic intentions of new donors may be overlooked and money lost. Reis and Clohesy (2001) worry that potential donors could be turned off by organizations’ lack of responsiveness: “Without systematic intervention to accelerate and improve what is happening, substantial numbers of new donors and social entrepreneurs could be discouraged, turned off, and lost from philanthropy and social change work” (p. 113). They argue that donation-seeking organizations should stay abreast of changing patterns in donor approaches and needs to maximize potential philanthropic gains. Organizations may need to adapt their strategies to successfully solicit new donors who vary significantly from the traditional cadre.

Wagner (2002) points out the challenges fundraisers will face in this endeavor. First of all, the new donors are less accessible, not as easily found in public records. Secondly, they prefer to retain control of both the organization they will give to and the timing. Finally, new donors may have recently acquired their wealth, and may not yet be comfortable with or knowledgeable about philanthropic opportunities (pp. 347-348).
Organizations may find it challenging to properly identify, seek out, and solicit these types of donors.

While venture philanthropy presents a plethora of new opportunities for donors and recipients alike, it is important to analyze it objectively without embellishing its benefits. On one hand, it is worthwhile to examine new characteristics and point out how nonprofits can successfully adapt. On the other hand, blindly molding to new donor demands may not be healthy for recipient organizations and for society. The range of opinions on the potential of venture philanthropy is wide: “Depending on whom you ask, it is the future of philanthropy, a passing fad, good grantmaking, or misguided hubris” (Carlson, 2000, p. 2). Critics of the movement affirm that nonprofits cannot be expected to perform in line with the speed of the business world, nor to produce results as quantifiable as corporate earnings. New donors expect a clear program that will generate desired results in a set time period. Unfortunately, social problems cannot often be solved or ameliorated according to such a model.

Venture philanthropy is also criticized as not addressing fundamental social and economic issues (Anheier & Leat, 2006, p. 5; Wagner, 2002, p. 350). Mark Kramer (1999) argues that the venture capital model does not fit philanthropy well, and points out the differences between venture capitalism and philanthropy in control, management, and flexibility (pp. 72-73). Furthermore combining for-profit and nonprofit goals undermines the difficulty of running a successful business and implies easy market solutions to often intractable social problems (Husock, 2006, p. 1). Simply imposing for-profit principles on nonprofit goals may not be enough to achieve success in both short and long-term outcomes.
The new donor’s desire to be deeply involved in the philanthropy can also have ill effects. New donors tend to be involved in the financing and the decision-making of an initiative. They exercise much control over the operations of the nonprofit. However, many donors have little or no experience in the nonprofit field, or the particular initiatives which they fund. In such a scenario, it may not be wise for an inexperienced donor to be making decisions instead of a seasoned nonprofit administrator. Additionally, the donor’s increased involvement may cause a power imbalance, where the donor gains more power, and the nonprofit has little control over its programs or their implementation (Carlson, 2000, p. 3). While a donor may bring much-needed business acumen to a funding relationship, some scholars argue that the nonprofit organization should retain control over matters within its area of expertise.

A venture capital approach to philanthropy is also criticized for a lack of civic and democratic values integral to nonprofits. While different nonprofits benefit society in multifarious ways, the sector as a whole helps create and maintain a healthy civic society (Eikenberry & Kluver, 2004, p. 132). While entrepreneurial elements in nonprofit and public organizations may sound impressive, they may have negative long-term consequences. Nonprofits add value to society by acting as “value guardians, service providers and advocates, and builders of social capital” (Eikenberry & Kluver, 2004, p. 135). Forsaking these crucial societal roles to satisfy consumer demands for increased entrepreneurship may erode ideals such as justice and fairness, as well as the cooperation between the public and nonprofit sectors. These authors contend that nonprofits must be careful not to lose their focus on service and their dedication to civic involvement.
Perhaps the most obvious misgiving about entrepreneurial thinking infusing nonprofit and philanthropic organizations is the possibility of profits detracting from the social mission of the organization. As Dees (1998) points out in his spectrum of social enterprises, the more commercial an organization becomes, the less focused it is on its social mission (p. 60). Limited resources will ultimately force an organization to determine its priorities. The more an organization focuses on entrepreneurial elements, the less time and money it has to invest in its social mission, traditional infrastructure, and civic involvement.

While there are conspicuous signs pointing toward the development of venture philanthropy, doubts about the permanence and social effects of the movement exist. Some scholars are skeptical that the trend will prove long lasting. However, the large amount of attention the topic has received in the popular media, in academic scholarship, and among professional associations suggests that it has potential to strongly impact philanthropy in the short and long term. If this proves the case, organizations that depend on philanthropy and fundraising, such as higher education institutions, need to be keenly aware of and react to these trends. Higher education has a strong interest in philanthropy as it becomes increasingly reliant upon private gifts. The next section will explore literature on higher education fundraising strategies and trends.

Higher Education Fundraising

In general, academic writing on university fundraising is fairly scant and does not focus on new trends in philanthropy. Perhaps the dearth of published material on higher education development strategies accounts for the paucity in analysis of changing philanthropic patterns. Traditionally higher education fundraising strategy is broken up
by type of gifts and by stages in the donor relationship. There is a general consensus in the literature on the fundraising structure and process that reaches across regions and institutional types (Buchanan, 2000; Rhodes, 1997; Worth, 2002d). The accepted structure of gift type and donor stage has proven successful and is not questioned in literature on higher education fundraising.

Michael Worth (2002), a leading scholar in higher education fundraising, describes the various phases and functions of traditional fundraising within universities and colleges. The fundraising office of a university is generally referred to as the development office, or in some cases, the advancement office. Often there is a complementary office of alumni relations, which focuses on the “friend” raising, while development takes care of the fundraising. The development office is organized according to the type of gift received, hence typically made up of divisions such as: major gifts, principle gifts, annual gifts, planned giving, corporate gifts, and donor research. Additionally, each donor relationship is divided into five stages: identification, cultivation, solicitation, acknowledgement, and recognition (Kelly, 2002, p. 51) as shown in Figure 2.
The general consensus on both structure and process among fundraising professionals reflects some research on the methodology, as well as extensive communication between institutions. Indeed, higher education fundraising emerged as a profession in the 1960s and by 1974 the professional association, which continues today, was founded. The Council for Advancement and Support of Education (CASE) is the overarching association of development and advancement professionals offering conferences, institutes, publications, and online services (Worth, 2002e, p. 30). Similar strategies across different offices and a highly active professional association demonstrate that higher education fundraising is an organized and developed field.

The established presence of development in four-year institutions, especially private ones, further points to dependence on private aid. While historically only private universities administered development offices, today more public schools and community colleges are initiating formal fundraising operations. Table 2 shows how fundraising across institutional type compares. While public institutions lag behind their private counterparts in the number of dollars coming from gifts, in some cases they do not trail by much, and even surpass privates in the category of specialized institutions. A more
significant difference exists between the gifts going to research universities versus other institutional types. Nevertheless, each type of institution receives some private gifts.

Table 2. *Giving by Type of Institution, 2005-2006*

<table>
<thead>
<tr>
<th>Type of institution</th>
<th>Number of institutions survey</th>
<th>Total amount (in thousands)</th>
<th>Average per institution (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>217</td>
<td>$17,246,803</td>
<td>$79,478</td>
</tr>
<tr>
<td>Private</td>
<td>77</td>
<td>$8,457,876</td>
<td>$109,843</td>
</tr>
<tr>
<td>Public</td>
<td>140</td>
<td>$8,788,927</td>
<td>$62,778</td>
</tr>
<tr>
<td>Master’s</td>
<td>342</td>
<td>$2,450,630</td>
<td>$7,166</td>
</tr>
<tr>
<td>Private</td>
<td>191</td>
<td>$1,578,524</td>
<td>$8,265</td>
</tr>
<tr>
<td>Public</td>
<td>151</td>
<td>$872,107</td>
<td>$5,776</td>
</tr>
<tr>
<td>Liberal Arts</td>
<td>261</td>
<td>$2,544,814</td>
<td>$9,750</td>
</tr>
<tr>
<td>Private</td>
<td>235</td>
<td>$2,442,554</td>
<td>$10,394</td>
</tr>
<tr>
<td>Public</td>
<td>26</td>
<td>$102,260</td>
<td>$3,933</td>
</tr>
<tr>
<td>Specialized</td>
<td>52</td>
<td>$1,035,781</td>
<td>$19,919</td>
</tr>
<tr>
<td>Private</td>
<td>37</td>
<td>$378,113</td>
<td>$10,219</td>
</tr>
<tr>
<td>Public</td>
<td>15</td>
<td>$675,668</td>
<td>$43,845</td>
</tr>
<tr>
<td>2-year</td>
<td>142</td>
<td>$197,430</td>
<td>$1,390</td>
</tr>
<tr>
<td>Private</td>
<td>3</td>
<td>$5,010</td>
<td>$1,670</td>
</tr>
<tr>
<td>Public</td>
<td>139</td>
<td>$192,420</td>
<td>$1,384</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,014</strong></td>
<td><strong>$23,475,459</strong></td>
<td><strong>$23,151</strong></td>
</tr>
</tbody>
</table>


However, community colleges do not have established fundraising practices and are loath to mimic those of larger institutions whose missions are very different. Community colleges are struggling to find their own fundraising identity that will best fit their specific needs (Bass, 2003, p. 23). In the same way, graduate and professional schools are establishing their own operations to tap into private dollars available for funding programs (Poock & Siegel, 2005). The fact that all institutional types are now jumping on the fundraising bandwagon reflects their need for financial support and growing dependence on donor gifts.
Despite a few articles describing the new tactics at public and community colleges (Babitz, 2003; Bass, 2003) and some literature on established fundraising practices (Buchanan, 2000; Kelly, 2002; Rhodes, 1997; Worth, 2002d), there are few new works written in the area of development and advancement in four-year universities and colleges. While most fundraisers are very knowledgeable about their functions, most of their expertise comes from personal experience, not scientific research (Kelly, 2002, p. 39). The emergence of three new scholarly journals in the fields of fundraising and nonprofit management (International Journal of Educational Advancement, Nonprofit Management & Leadership, and Nonprofit Voluntary Sector Quarterly) reflects increasing emphasis on research and theory building; however, much remains to be done. There is no journal devoted uniquely to fundraising, and academic centers and graduate programs in nonprofit management tend not to emphasize fundraising (Kelly, 2002, p. 43). The little research that does exist on fundraising typically comes from graduate theses and dissertations and focuses on alumni giving. Kelly (2002) reasons that more focus needs to be placed both on publishing research conducted for educational or institution-specific purposes and on conducting additional studies to advance the field of fundraising (p. 54). More importantly, without ongoing research in the field, fundraisers may overlook important changes in donor and gifting patterns.

Recently-published literature makes limited mention of a changing philanthropic environment. Michael Worth (2002) describes four “forces of change” which he posits will most affect higher education fundraising and philanthropy: demographics, technology, globalization, and dominance of market thinking (p. xxv). In terms of demographics, the population of the United States is becoming more racially and
ethnically diverse, as well as older which could impact wealth transfer and the nature of giving. Technological advancement in the form of Web opportunities and easier accessibility of information is simultaneously facilitating fundraising and posing new challenges. Globalization has made fundraising and philanthropy, as well as all of higher education, more international with donors all over the world. Finally market dominance refers to the infiltration of “market values and business language in virtually all aspects of our society, including higher education” (Worth, 2002c, p. xxvii).

Worth (2002) recognizes the influence of business-like thinking in higher education generally, and fundraising specifically. One of his earlier articles briefly introduces the idea, but does not describe it (Worth, 2000, p. 300). However, his edited work specifically mentions donors’ greater participation and control over the programs to which they contribute and their view of gifting as an investment with expected return (Worth, 2002c, p. xxvii). Additionally, the author points out blurring distinctions between development and business offices on some campuses reflecting a more business-like approach to fundraising. In his introduction, Worth has hit on some of the principle characteristics of venture philanthropy (Worth, 2002c). He makes explicit note of venture philanthropists in his concluding remarks describing their desire to make in impact and have influence:

They are selecting for [sic] support those institutions and organizations that appear to possess the “capacity” to have an impact in an area of concern to them. When they do focus on supporting organizations, they increasingly take the approach of the “venture philanthropists,” preferring to give their funds where they can give their time and have influence as well. (Worth, 2002a, p. 385)
Worth (2002) also suggests that fundraising may become more “donor-centered,” a characteristic of venture philanthropy (p. 385). However, these concepts are merely discussed in the space of a total of five pages in the introduction and conclusion without further elaboration.

Venture philanthropy and its possible implications on fundraising, however, is described in another section of Worth’s edited work. In their chapter, Tempel and Beem (2002) identify the rise of “venture philanthropy” and “social investing” and propose a supply-side approach to fundraising where the donor interests, instead of the institution’s needs, dictate the gifting process (p. 355). They argue that this approach better fits an emerging philanthropic environment (Tempel & Beem, 2002, p. 356). Indeed, this corresponds with the literature on venture philanthropy where new donors prefer to be the ones to approach the charitable organization and see how it can meet their philanthropic needs (Wagner, 2002, p. 346). Tempel and Beem (2002) show that they are familiar with at least some aspects of venture philanthropy. But again, the space devoted to venture philanthropy is limited. Nevertheless, new philanthropic trends are receiving recognition within higher education fundraising literature (Tempel & Beem, 2002; Worth, 2002a, 2002c), even though they merit more attention and study in order to understand their impact on fundraising practices. On the other hand, literature focusing on foundations and their role in society has acknowledged and extensively described the characteristics and implications of venture philanthropy (Anheier & Leat, 2006; Frumkin, 2006). It is unclear why major research on higher education fundraising does not focus more specifically on venture philanthropy.
Other books and articles on fundraising refer to venture philanthropy even less. Most authors mention the growing influence of business thinking, but do not explicitly relate venture philanthropy to fundraising (Babitz, 2003; Bass, 2003; Poock & Siegel, 2005). It is possible that there is little published information on the implications of venture philanthropy on higher education fundraising, simply because there is not much literature on fundraising in general. A recent article from the *Chronicle of Higher Education* corroborates this possibility when it describes how some development and alumni relations offices are becoming more entrepreneurial in an attempt to attract new alumni: “Now [alumni] are more apt to question what they will get in return for their [alumni association] membership, and as a result, many alumni associations have started functioning more like businesses, constantly rethinking their ‘service offerings’ in order to attract and retain ‘customers’” (Strout, 2006, p. 36). This attitude on the part of fundraisers reflects some understanding of the new donor. Another article mentions the concept of venture capital, but does not develop the idea: “Private support… from industrial firms, philanthropic foundations, and alumni effectively functions as the venture capital that allows institutions and their units to become more entrepreneurial in the face of increasing stakeholder demands” (Poock & Siegel, 2005, p. 13).

Nevertheless, on the whole, academic literature makes little reference to venture philanthropy trends. It recognizes broad patterns of privatization, marketization, corporatization, and commercialization, and even describes certain characteristics of new donors. However, there is no specific link made between the phenomenon of venture philanthropy and higher education fundraising. Thus a gap emerges in the literature.
There is a quickly growing body of literature on venture philanthropy from both the business and the nonprofit perspectives which praises, as well as criticizes, the new trend. (It is interesting to note that each sector both praises and criticizes: opinions of venture philanthropy cross sectoral lines.) There is also a smaller, but growing, base of research on higher education fundraising, which alludes to new ideas in philanthropy, but fails to capture the extent of the entrepreneurial trends overtaking philanthropy. The disconnect between literature on philanthropy and literature on higher education fundraising is epitomized by the polarized opinions of McCully and Worth. McCully (2000), in his article on the significance of venture philanthropy, states: “The changes we see are not temporary, trivial or even disorderly. We’re evolving into a venture philanthropy” (p. 20). On the other hand, Worth (2002), a higher education fundraising expert, in describing the fundraising arena affirms: “The more things change, the more at least some things stay the same” (p. xxix).

Conclusion and Interpretation

Why is it that philanthropic organizations such as foundations have recognized and are reacting to venture philanthropy while higher education institutions seemingly are only beginning to take notice? From the existing literature on higher education fundraising it appears that institutions are interested in and studying emerging trends. There are many books on universities becoming both corporate and entrepreneurial (e.g., Bok, 2003; Kirp, 2003; Pusser, 2005; Readings, 1996; Slaughter & Leslie, 1997). Thus, the lack of academic texts on venture philanthropy from a fundraising perspective seems to stem not from a lack of interest or relevance, but perhaps simply from a lack of recognition or understanding of the impact of the phenomenon. It is also possible that
development offices are beginning to recognize and react to new donor expectations and philanthropic models, but this shift is not yet expressed in academic literature. Thus, it is unclear (i) if higher education fundraising is currently affected by venture philanthropy; (ii) if higher education fundraising recognizes the emergence of venture philanthropy; (iii) if higher education fundraising is strategically reacting to venture philanthropy; (iv) if higher education fundraising should react to venture philanthropy; and (v) how higher education should react to venture philanthropy. While there is some existing literature about venture philanthropy and about higher education fundraising, there are many questions left unanswered. This study will focus on answering the above questions with a multi-method qualitative approach.

While the emergence of venture philanthropy is recognized and well documented by many scholars, there is no consensus on its existence, longevity, and potential impact. Some academics and practitioners view it as a fad without any long-term promise. Others concede to its growing presence, but explicitly argue against the methods and strategies that it promotes. While accepting that opinions of venture philanthropy differ, this study attempts to both gauge the impact venture philanthropy has or may have on higher education fundraising and, in the case it does have an influence, assess the readiness of development offices to face the new trend. No one can predict whether venture philanthropy is simply a short-lived offshoot of the technology boom or whether it is indeed a new and profoundly different direction in philanthropy. Nevertheless, fundraising professionals whose institutions heavily rely on the fruits of their labor to promote research and educate new generations of students cannot sit idly to see what happens. They must take all possible measures to be prepared for whatever curves the
philanthropic path may present. Thus, despite ongoing doubts about venture philanthropy, it is important and relevant to examine and assess higher education’s comprehension of these new trends in philanthropy.

The literature on higher education fundraising reveals some understanding of venture philanthropy (Tempel & Beem, 2002; Worth, 2002a, 2002c), but because research on this topic is limited within the fundraising arena, it is difficult to assess the degree of comprehension. However, the mention of venture philanthropy in books and articles suggests that higher education fundraisers do sense its potential impact and implications. What the impact and implications may be, however, is unclear within existing literature. Thus, this study aims to address the practical application of venture philanthropy to higher education fundraising by surveying and interviewing fundraising professionals to gauge their recognition of and reaction to venture philanthropy. The study will also include an analysis of university development websites to determine how venture philanthropy is used in marketing. It is the hope of the researcher that data collected from fundraisers and websites will answer some of the questions raised in this literature review and begin to fill in the gap in the literature on higher education fundraising.
Data Collection

The data collection model for this study was developed in order to answer the research question: How are new patterns in philanthropy changing gifting to higher education? The study focuses on the concept of venture philanthropy as the major theme currently emerging out of the philanthropic arena, but also looks at related trends in philanthropy and fundraising. The participants and the data collection instruments were chosen strategically to shed light on higher education fundraising practices and attitudes toward gifting to higher education institutions. The data for this mixed methods qualitative study was collected using three different sources and methods. This data collection section describes the data sources and methods used and ethics considered in the study.

Data Sources and Methods

The study consists of three major sources of data focusing on new attitudes toward philanthropy and how they are changing gifting to higher education: 1) interviews with higher education fundraisers, 2) surveys of higher education fundraising leaders, and 3) artifact analysis of the websites of the top ten U.S. fundraising institutions. All three of these sources aim to answer the research question and the questions raised in the literature review. The interview and survey questions are geared toward uncovering fundraisers’ understanding of a more entrepreneurial giving style, the applicability of this style to higher education fundraising, and philanthropists’ attitudes toward current fundraising practices within universities and colleges. Analysis of the websites aims to determine whether or not a more entrepreneurial approach is being communicated to donors through the electronic media.
**Interviews**

The first source of data comes from interviews with fundraising professionals in a higher education institution who deal with philanthropic giving on a daily basis. All six interviews took place with fundraisers from a highly selective research university that ranks in the top twenty fundraising institutions as reported in *The Chronicle of Higher Education* (Strout, 2007). The fundraisers interviewed held prominent positions within the development office, the main fundraising office of the university. Each came from a different division or group of the office in order to increase the diversity of experience with different types of donors and alumni. Their length of experience in development varied. Most had had other industry experience before landing in development. A summary of their background is shown in Table 3.

**Table 3. Summary of Personal and Professional Characteristics of Fundraisers Interviewed**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Anya</th>
<th>Becca</th>
<th>Dimitri</th>
<th>Kaima</th>
<th>Ricardo</th>
<th>Sahar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years worked in development</td>
<td>15 yrs.</td>
<td>3 yrs.</td>
<td>4 yrs.</td>
<td>16 yrs.</td>
<td>5 yrs.</td>
<td>8 yrs.</td>
</tr>
<tr>
<td>Male/female</td>
<td>Female</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Donor type most in touch with</td>
<td>Major donors ($5k-50k)</td>
<td>Annual donors ($1-5k)</td>
<td>Young alumni</td>
<td>Corporate donations</td>
<td>Alumni from specific school</td>
<td>Foundations</td>
</tr>
</tbody>
</table>

The questions in the interview aimed to gauge the fundraisers’ perception of new trends in giving to their institution, as well as how they or the institution may be reacting to the changes. The interview protocol can be found in Appendix A. These individuals also shed light on the role of professional development and ongoing education within the
fundraising profession to assess if their training includes mention of a more entrepreneurial approach to gifting.

Each interview was held during the workday in the fundraiser’s office or a general conference room and lasted about 30-45 minutes. The questions were general, asking about broad themes, to determine if fundraisers themselves would bring up venture philanthropy or entrepreneurial trends. The interviews were transcribed and coded for themes, as well as specific descriptions of how the fundraising arena is adopting entrepreneurial trends. This process revealed both general ideas about philanthropy and the fundraising profession, and themes specifically related to venture philanthropy.

Survey

The second source consisted of a survey of higher education fundraisers in leadership positions. These 20 individuals were chosen on the basis of their membership on the CASE Commission on Philanthropy. According to the mission statement on the CASE website, the Commission on Philanthropy examines new research and trends, as well as fundraising practices and standards: “The Commission on Philanthropy frames and directs research to examine and evaluate professional practices and to develop and monitor programs and services in development. The Commission ensures that practices reflect current knowledge, emerging issues and trends and the highest ethical and professional standards” ("CASE Commission," n.d.). Consisting mainly of vice presidents and associate vice presidents, this group presumably represents the most knowledgeable leaders in the higher education fundraising field. This sample, albeit small, provides diversity in institutional type, geographic distribution, and even
nationality. The twenty different institutions represented by this group are listed in Table 4.

Table 4. *Institutions represented by the CASE Commission on Philanthropy Members and their Locations*

<table>
<thead>
<tr>
<th>INSTITUTION NAME</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of the Holy Cross</td>
<td>Worcester, MA</td>
</tr>
<tr>
<td>Suffolk University</td>
<td>Boston, MA</td>
</tr>
<tr>
<td>University of Tulsa</td>
<td>Tulsa, OK</td>
</tr>
<tr>
<td>University of Missouri- Kansas City</td>
<td>Kansas City, Missouri</td>
</tr>
<tr>
<td>Monroe Community College</td>
<td>Rochester, NY</td>
</tr>
<tr>
<td>Wells Cathedral School</td>
<td>Wells, Someret, U.K.</td>
</tr>
<tr>
<td>California State University</td>
<td>Los Angeles, CA</td>
</tr>
<tr>
<td>St. Mark’s School of Texas</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>University of North Carolina</td>
<td>Chapel Hill, NC</td>
</tr>
<tr>
<td>Wilfrid Laurier University</td>
<td>Waterloo, ON, Canada</td>
</tr>
<tr>
<td>Emory University</td>
<td>Atlanta, GA</td>
</tr>
<tr>
<td>University of Miami</td>
<td>Coral Gables, FL</td>
</tr>
<tr>
<td>California State University</td>
<td>Long Beach, CA</td>
</tr>
<tr>
<td>University of California- Irvine</td>
<td>Irvine, CA</td>
</tr>
<tr>
<td>University of San Diego</td>
<td>San Diego, CA</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>Evanston, IL</td>
</tr>
<tr>
<td>Pomona College</td>
<td>Claremont, CA</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>Baltimore, MD</td>
</tr>
</tbody>
</table>
The survey, distributed to this group via email, consisted of four open-ended questions and can be found in Appendix B. The questions asked the leaders about their definition of venture philanthropy and how it applied, or did not apply, to their institution. Two reminder emails were sent one week and two weeks following the initial email to increase the response rate. Questions to these individuals focused on their understanding, interpretation, and personal examples of venture philanthropy. This survey supplemented the first source of data by providing information from a larger set of institutions. It also addressed a more highly ranked group than did the interviews.

Artifact analysis

The final source of data consisted of analyzing the development or alumni websites of ten higher education institutions to determine if they reflect venture philanthropic trends. The institutions were based on *The Chronicle of Higher Education*’s list of the top twenty fundraising institutions (Strout, 2007). The top ten were taken from this list. Analysis started at the university’s home page. From there, the researcher clicked the link that most closely resembled an opportunity to make a donation. For example, in some cases, there was a link entitled, “Give now.” In other cases there was a link to the development office webpage. Most often, there was a link named, “alumni,” which led to the alumni association webpage. Wherever this initial link led, whether to the development or alumni website, this is the page that was explored.
more fully. Each link on this page was clicked and the ensuing page analyzed. The text was scoured for any reflection of venture philanthropy trends.

The purpose of the website analysis was to incorporate another group of institutions, the most successful group in fundraising in the U.S., and determine whether they deem venture philanthropy trends relevant to their fundraising mission. Since these were the top fundraising institutions, it can be assumed that they are deliberate and strategic about their web content. If they think that donors would be more likely to respond to a more entrepreneurial message, this is what they would post on the website. Thus, the messages and language contained in the development and alumni association webpages of top fundraising institutions directly reflect their perception of donors’ needs and expectations. Moreover, it is probable that the top fundraising institutions are actively rethinking their fundraising strategies to keep up with changing trends and donor expectations. As a result, these top ten universities are generally more likely to reflect emerging philanthropic trends than institutions less focused on their fundraising capacity. They serve as leaders in the higher education fundraising arena, and their ideas probably trickle down to other institutions and institutional types. While the top ten are only a tiny sampling, and hardly representative of higher education institutions, they are assumed to be the most likely to reflect an understanding of entrepreneurial donors. In this way, website analysis yielded yet another source of insight into how development offices understand, incorporate, and react to venture philanthropy trends.

This data source can be directly compared to and triangulated with the other two sources. Each source seeks similar information to answer the main research question; however, each source obtains this information differently. The study thus attempts to
gauge fundraisers’ awareness of and reaction to new trends using three different methods. The expectation is that if one method does not reveal a degree of awareness, another method may. Additionally, the mixed method approach enables both an in-depth study, through the interviews and a broad study, through the surveys and artifact analysis.

Consents Secured

All interview participants signed a consent form that described their rights, as well as confidentiality, risks, and benefits of the study. The researcher also signed the form and provided participants with a copy as shown in Appendix C. For both survey groups, participants were informed that their response to the survey would signify their willing participation in the study. The information on the interviewee consent form was also included in the introduction to the surveys.

Ethics Considered

Risks and benefits were clearly communicated to all participants in the study. Risks were minimal since communication with participants was within an office setting or over email, and participants could withdraw from the study at any time. However, the participant’s identity was known to the researcher, though it was not divulged in the report of the study or elsewhere. The participants may have benefited from the study by reflecting on their profession and/or practices. They may have learned about trends in philanthropy or become more attune to changing trends in the future. All participants had the opportunity to receive the findings of the study.

Confidentiality was maintained throughout the course of the study. Only the researcher was aware of identities and masked these in the study report. Any unique features that may have enabled the identification of a participant were omitted from the
study. Utmost care was taken to mask the identity of the participants, since this may be an important consideration for the subjects selected for this study.

Participants were made aware of their rights at the beginning of the study. Before participating they learned about the purpose and aims of the study, how the results would be used, and how the study might affect them specifically and society as a whole. All participants took part in the study willfully and had the right to withdraw at any time. All questions were answered honestly. The participants’ wellbeing was considered above all else during the course of the study.

All research was reported fully and honestly for the use of others. Credit was given where appropriate by the standards of the American Psychological Association. Ethical considerations were given precedence above other aspects of research during the course of the study.
Data Results Summary

Data results were varied, both in content, and in amount. The six interviews and artifact analysis yielded a considerable amount of data, while the survey data was much more limited with only four surveys returned. Nevertheless, the data collection produced a substantial and well-rounded set of data which sheds significant light on the research question. The data results presented in this section are organized according to data source. The first part describes the interviews with fundraisers while the following sections deal with the survey results and the artifact analysis, in that order. Emergent themes are discussed within the context of the data source, but are woven together and analyzed in the Interpretation section.

Interviews with Fundraisers

The interviews with fundraisers revealed their awareness of many diverse trends and patterns. Some of these trends surrounded the theme of venture philanthropy; others did not. Since fundraisers were asked very open-ended questions about trends they have observed in philanthropy, some of their answers included themes outside the scope of venture philanthropy. However, each of the interview participants recognized some aspects of venture philanthropy, even if they did not specifically use that term.

Each participant identified at least one general theme outside the scope of venture philanthropy, and most recognized at least four different themes. These themes are termed general trends and are broken down into professional and philanthropic themes. They are presented in Table 5.
Table 5. *General Themes Emerging from Interviews with Fundraisers*

<table>
<thead>
<tr>
<th>GENERAL TRENDS</th>
<th>Number of fundraisers who recognized theme:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHILANTHROPIC</strong></td>
<td></td>
</tr>
<tr>
<td>Transition to a new generation/ wealth transfer/ Responsibility to cultivate a new generation</td>
<td>6</td>
</tr>
<tr>
<td>Relationship building/creating value in the relationship/ uniqueness of individual</td>
<td>6</td>
</tr>
<tr>
<td>Size of gifts changing</td>
<td>1</td>
</tr>
<tr>
<td>Philanthropy driven by older generation</td>
<td>1</td>
</tr>
<tr>
<td><strong>PROFESSIONAL</strong></td>
<td></td>
</tr>
<tr>
<td>Necessity to quantify results</td>
<td>4</td>
</tr>
<tr>
<td>Pressure to make the case/show value in gift</td>
<td>3</td>
</tr>
<tr>
<td>Gifting techniques changing/growing complex</td>
<td>3</td>
</tr>
<tr>
<td>Professionalization of fundraising profession</td>
<td>2</td>
</tr>
<tr>
<td>Fundraising becoming more competitive</td>
<td>2</td>
</tr>
</tbody>
</table>

The most common theme falling under the philanthropic category and cited by all participants, was the idea of wealth transfer and the need to transition to and cultivate a new generation. Some interviewees focused more on simply the rise of a new generation, while others emphasized the fundraisers’ responsibility to actively cultivate the new generation. The second most common theme, mentioned by five out of six interviewees, was the importance of relationship building and creating value in a relationship. Fundraisers emphasized the uniqueness of each donor and the inability to make sweeping generalizations about all donors or even a specific group of donors. Thus, as the participants discussed themes and trends surrounding young donors or entrepreneurial donors, they emphasized the importance of getting to know people and donating entities, such as corporations and foundations, on an individual basis. Finally, Anya, who was in touch with major donors ranging from $5,000 to 50,000, mentioned that gifts are growing substantially larger, and that philanthropy continues to be driven by the older generation.
The fundraisers proved they were aware of various trends not specifically related to venture philanthropy.

The fundraisers also remarked on more technical aspects of their profession. Four out of six mentioned the increasing necessity to quantify their results. They felt they needed to keep track of numbers more than ever before, which some felt detracted from their core responsibilities and mission. Additionally, three fundraisers noted the pressure to “make the case” for a gift, or impress upon the donor the value and importance of the potential gift. Some of the participants (Any, Becca, and Kaima) described the increasing complexity of gifting techniques. These include both the growing presence of the Internet as a mechanism for donations and the emergence of more creative and donor-friendly techniques, such as donor-advised funds. Anya and Kaima also identified the professionalization of fundraising and the increased competition it brought to the field. The interview participants noted themes specific to their field and profession, as well as more general ones related to philanthropy and donors.

In addition to identifying general professional and philanthropic trends, the group of fundraisers also recognized some trends closely related to venture philanthropy. These characteristics are categorized into donor vision for gift, donor approach to gift, and other donor characteristics. These traits were identified by the interviewees, but also coincide with attributes of venture philanthropy donors described in the literature. Thus, these qualities are presented here under venture philanthropy trends and summarized in Table 6.
Table 6. *Venture Philanthropy Themes Emerging from Interviews with Fundraisers*

<table>
<thead>
<tr>
<th>VENTURE PHILANTHROPY TRENDS</th>
<th>Number of fundraisers who recognized theme:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DONOR VISION FOR GIFT</strong></td>
<td></td>
</tr>
<tr>
<td>Want to have local and global impact</td>
<td>3</td>
</tr>
<tr>
<td>Interested in global, environmental, and sustainability issues</td>
<td>3</td>
</tr>
<tr>
<td>Think they can change the world</td>
<td>2</td>
</tr>
<tr>
<td>Give to fewer charities (1-2)</td>
<td>1</td>
</tr>
<tr>
<td><strong>DONOR APPROACH TO GIFT</strong></td>
<td></td>
</tr>
<tr>
<td>Demand higher level of accountability</td>
<td>5</td>
</tr>
<tr>
<td>Hands on/ more involved</td>
<td>4</td>
</tr>
<tr>
<td>Want options and/or flexibility in giving</td>
<td>3</td>
</tr>
<tr>
<td>Expect return on gift</td>
<td>2</td>
</tr>
<tr>
<td>More intellectual than passionate</td>
<td>1</td>
</tr>
<tr>
<td>Results oriented/ want tangible results</td>
<td>1</td>
</tr>
<tr>
<td>Online/technology oriented</td>
<td>1</td>
</tr>
<tr>
<td>Ask many questions</td>
<td>1</td>
</tr>
<tr>
<td><strong>OTHER DONOR CHARACTERISTICS</strong></td>
<td></td>
</tr>
<tr>
<td>Venture philanthropists tend to be from Silicon Valley and New York</td>
<td>2</td>
</tr>
</tbody>
</table>

In some cases, the participants referred specifically to young alumni and young donors when describing themes related to venture philanthropy. Becca and Dimitri spoke of young alumni, Kaima and Sahar of venture philanthropy, and Anya referred to Generation X as the new generation. In other cases, they included all alumni in their descriptions. This poses a dilemma: Are venture philanthropy traits only exhibited by young alumni/donors or can they be generalized to the entire donor population? Are venture philanthropy values embraced most strongly by the younger generation, but also to a lesser extent by the older generation? For the purpose of this study, fundraisers’ responses, even when geared toward young alumni, will be attributed to donors in general, since there was not a clear demarcation between young and all alumni in most of the interviews. Even if the participants referred mostly to young alumni when describing
venture philanthropy themes, they took the trends seriously, understanding that young alumni would sooner or later make up the core population of donors and needed to be cultivated early.

Although most interviewees did not explicitly allude to venture philanthropy as a theme, they did describe some of its characteristics in donors. The venture philanthropy trends break down into three categories: donor vision for the gift, donor approach to the gift, and other donor characteristics. The donor vision category includes the general philanthropic goals of the donor. Half the fundraisers noted donors’ aspiration to have both a global and a local impact. For example, philanthropists would want to contribute toward eradicating hunger in Sub-Saharan Africa, but simultaneously treat hunger needs in their neighborhood by volunteering at a soup kitchen. Similarly, half the interviewees also described donors’ interest in global, environmental, and sustainability issues. Additionally, Becca and Sahar mentioned that donors believe they can change the world and Dimitri suggested that younger donors give to fewer charitable organizations than older generations (only 1-2 versus 5-6 different charities). Thus, values related to venture philanthropy include not only philanthropists’ behavior and attitude, but also their areas of interest.

In terms of donors’ approach to a gift, the dominating theme was a higher level of accountability expected. Five out of the six stated that both donors and the development office expected more accountability. Under the umbrella of accountability, donors also want to be more involved and hands on (cited by four of the interviewees), have more options and flexibility in giving (cited by three), and desire a return on the gift (cited by two). Donors were also described as expecting a quick response to their inquiries and
operating under a sense of urgency (cited by two), as well as being results oriented and wanting tangible outcomes (cited by one).

Unrelated to accountability, but still falling under the category of donor approach to the gift are several other characteristics. Anya remarked that the new generation of donors is more apt to act intellectually than passionately as did their predecessors. Becca mentioned donors’ proclivity for use of technology and online communication and their tendency to ask more questions. The final category of other donor characteristics includes only one trait: the tendency of donors practicing venture philanthropy to come from the Silicon Valley and New York (cited by Anya and Kaima). Throughout the interviews, fundraisers pointed out various aspects of donors’ goals and approach to gifts. Despite limited discussion of venture philanthropy, per se, fundraisers recognized many values and behaviors attributed to a more entrepreneurial approach to philanthropy.

The interviews additionally revealed that the fundraisers and the institution are responding to the changing giving landscape of philanthropic giving as shown in Table 7.

Table 7. Observed Responses to Trends Emerging from Interviews with Fundraisers

<table>
<thead>
<tr>
<th>RESPONSE TO PHILANTHROPIC TRENDS</th>
<th>Number of fundraisers who recognized theme:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employing more customization</td>
<td>3</td>
</tr>
<tr>
<td>Increased email communication, color brochure</td>
<td>1</td>
</tr>
<tr>
<td>Greater accountability</td>
<td>1</td>
</tr>
<tr>
<td>Presence of internet</td>
<td>1</td>
</tr>
<tr>
<td>Targeting affinity groups</td>
<td>1</td>
</tr>
<tr>
<td>Engaging families</td>
<td>1</td>
</tr>
<tr>
<td>Separate campaign for young alumni</td>
<td>1</td>
</tr>
</tbody>
</table>

For example, three participants noted that the office employed increased customization with donors. Instead of sending the same form letter to everyone, they sent different
letters to different groups of people based on their interests and previous giving patterns. This corresponds to the fundraisers’ observation of donors wanting increased accountability. Becca described greater accountability to the donor on the part of the institution. She also mentioned increased online communication, the general presence of the Internet, and an entirely separate campaign for young alumni to tap into their needs and expectations. Anya observed the need for the development office to target affinity groups, such as women or minorities, and engage entire families to address the transfer of philanthropic responsibilities from one generation to the next. From the interviews it was clear that fundraisers not only understand some of the main attributes characterizing new donors, but were also starting to react in response to the new attitudes and expectations. Though none of the participants explicitly stated venture philanthropy as an emerging philanthropic trends, once prompted, most of the interviewees were able to define venture philanthropy and explain how it applied to their field of work. Only one fundraiser was not able to articulate an explanation of venture philanthropy. Definitions included “high risk, high impact” philanthropy; giving to new NGOs or organizations to achieve impact; “providing money to begin something new and big;” wanting to measure results; and “thinking outside the box.” Additionally, three interviewees recognized, without prompting, the emergence of a new generation, signifying a new approach to giving. Even though none of the participants identified venture philanthropy as a theme, most were familiar with the concept and could explain how it pertained to their fundraising work.
Survey of Fundraising Leaders

The survey differed from the interviews in that it included a range of institutions differing in geographic location, size, culture, and institutional type. The list of recipients even included two private high schools engaged in fundraising. While the survey was distributed to 20 individuals, only four were returned, resulting in a return rate of 20%. Nevertheless, since the survey was open-ended and participants could answer freely, it provides some interesting data. The four questions on the survey were as follows:

1. What is your own definition of venture philanthropy? Can you give an example of it?
2. Do you think venture philanthropy is affecting gifting to higher education? If so, how and to what extent?
3. Do you recognize other entrepreneurial trends in philanthropy that are affecting the fundraising arena?
4. Other comments:

The answers to these questions by the four respondents varied greatly.

Even though only four surveys were returned, the answers provided a range of awareness and incorporation of venture philanthropy trends. Two of the respondent answered all three questions, and one even added his own comments to the fourth question, which asked for any additional feedback. One respondent only offered insight into one specific example of a fundraising initiative at his institution, and the last respondent described her unfamiliarity with venture philanthropy.

The first respondent came from a mid-sized liberal arts institution outside the United States. He did not offer a definition of venture philanthropy, and stated that there were “no real examples of venture philanthropy” at his university. The one example of entrepreneurial activity that he provided was an initiative in the School of Business and Economics where donors were asked to invest in a $10 million fund. The fund would be
managed by an investment firm and the returns used “to fund entrepreneurial activity and start-up ventures by the business students.” While this respondent did not strictly categorize the initiative as venture philanthropy, it does exhibit some of its characteristics. First of all, the idea utilizes the concept of investment and returns to appeal to business school donors. Secondly, there is a unique and well-specified purpose for the investment, or gift. Donors know exactly who and what it will benefit. It can also be inferred that there is a specific strategy being followed in every step of the initiative: planning, implementation, exit. This is also a characteristic of venture philanthropy.

Though this fundraiser had relatively little to say and did not believe he witnessed venture philanthropy at his institution, traces of it can be found in the initiative he described.

The second respondent came from a large, public college on the West coast. Her definition of venture philanthropy is a basic one often found in the literature: “My own definition of venture philanthropy is the old adage of teaching a person to fish rather than feeding her/him a fish.” She goes on to explain that often people need to be empowered, instead of given a hand out. As an example of venture philanthropy, this fundraiser mentions the Grameen Bank, a leader in microfinance in the developing world, and one of the forefathers of social entrepreneurship. She explains that venture philanthropy affects higher education in the results donors expect: “I think some people are motivated by seeing results in their lifetime.” The fundraiser also referred to stewardship and accountability saying that some donors may be tired of poor stewardship and irresponsibility on the part of the charitable organization. She added that, though perhaps
not under the umbrella of entrepreneurship, international philanthropy is also booming. This fundraiser described traits that she recognized in her own work with donors.

The third respondent also gave a definition of venture philanthropy, as well as his interpretation of it. This fundraiser comes from a small, private, religiously-affiliated liberal arts institution in the Northeast. He defined venture philanthropy in terms of the results and specific designation of the gift “in which the donor makes a commitment in anticipation of achieving specific results, defined in advance, which could not otherwise be obtained except through the commitment.” Two key elements in this description are the specific and defined results that the gift is to achieve and the express purpose of the gift. The participant further detailed that purpose of the gift is generally “a new venture or undertaking” and that the donor tends to stay involved in the implementation of the gift. He also mentioned that the venture philanthropy trend rises out of another trend toward restricted giving that began in the 1970s. A shift to restricted giving planted the seeds for venture philanthropy, a term, according to this respondent, dubbed by the media. He also pointed out the need for great stewardship of these gifts, since they tend to be large. Like the second respondent, the third also linked venture philanthropy to stewardship.

The final respondent came from a private high school outside the U.S. and reflected the least understanding of venture philanthropy. Her limited experience with venture philanthropy is not surprising since philanthropy is generally less developed outside the U.S., and her position in a high school may not have exposed her to the professional contacts and conferences as her colleagues in higher education. Nevertheless, her answers reveal much about the understanding of philanthropy among
fundraisers. She likens venture philanthropy to “challenge gifts” where a primary donor offers a specific gift amount contingent on the institution matching that amount, either itself or through other gifts. The fundraiser added that there is risk and benefit involved in this type of giving. However, she said that her institution faced the challenge of convincing donors that they should give at all, rather than offering creative ways of giving: “I have to say that we face the issue of ‘why should we give’ much more than the question about ‘how can I give in an imaginative way?’”

Because the survey respondents come from a variety of institutions and countries, they supplement the fundraiser interviews which all took place at the same institution. The third source of data, artifact analysis of fundraising websites, further adds to the variety of institutions and approaches the research question from a fresh angle.

Artifact Analysis of Fundraising Websites

In order to study a wider range of institutions throughout the United States, artifact analysis was applied to the websites of ten universities. These universities represent the top ten fundraising schools in the country and are thus assumed to be sophisticated in their fundraising techniques and understanding of philanthropic trends. Indeed, many of the institutions’ websites revealed language and messages catering to a more entrepreneurial approach to giving. A summary of the websites’ language reflecting allusions to and characteristics of venture philanthropy is shown in Table 8.
Table 8. *Specific Language Related to Venture Philanthropy Used on the Websites of the Top-Ten Fundraising Institutions*

<table>
<thead>
<tr>
<th>RANK</th>
<th>NAME OF INSTITUTION</th>
<th>CHARACTERISTICS OF VENTURE PHILANTHROPY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stanford U.</td>
<td>Annual Giving page alludes to “venture capital” and “entrepreneurial.” Provost mentions need to “invest.” Website highlights environmental and sustainability issues as giving opportunities.</td>
</tr>
<tr>
<td>2</td>
<td>Harvard U.</td>
<td>None</td>
</tr>
<tr>
<td>3</td>
<td>Yale U.</td>
<td>None</td>
</tr>
<tr>
<td>4</td>
<td>U. of Pennsylvania</td>
<td>Use investment language in development message.</td>
</tr>
<tr>
<td>5</td>
<td>Cornell</td>
<td>Website encourages creative giving with specific gift ideas and the gift amount.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Uses investment language in development message.</td>
</tr>
<tr>
<td>6</td>
<td>U. of Southern California</td>
<td>Use investment language in development message.</td>
</tr>
<tr>
<td>7</td>
<td>Johns Hopkins U.</td>
<td>Use investment language in development message.</td>
</tr>
<tr>
<td>8</td>
<td>Columbia U.</td>
<td>No</td>
</tr>
<tr>
<td>9</td>
<td>Duke U.</td>
<td>No</td>
</tr>
<tr>
<td>10</td>
<td>U. of Wisconsin Madison</td>
<td>Use investment language in alumni newsletter title.</td>
</tr>
</tbody>
</table>

The artifact analysis reveals that six out of the ten universities studied show some understanding of their donors becoming more entrepreneurial.

Perhaps the best example of both entrepreneurial language and message is Stanford University, the number one fundraising institution in the country. On the Annual Giving page, which can be reached off the main development page, the introduction alerts readers to the similarities between venture capital and annual giving:

“Much like venture capital, annual giving enables Stanford to maintain its entrepreneurial culture in both teaching and research” ("Stanford Annual Giving," n.d.). This is a very explicit reference to how giving to a university can resemble investment in venture capitalism and directly reflects the ideas and values of venture philanthropy. On the
Foundations of Excellence webpage, also accessed from Stanford’s main development page, Stanford Provost John Etchemendy uses the language of investment to make a compelling reason to financially support the institution. He uses the word “investment” as it would be appear in a business context: "Everything Stanford does rests on the caliber of our students, our faculty, and our work in fundamental disciplines. Right now that caliber is exceptionally high. But it requires continual investment" ("Stanford Foundation," n.d.). The provost may be using the language of business and venture philanthropy to appeal to Stanford donors. Finally the development website mentions opportunities to give to environmental and sustainability causes, a popular subject with forward-thinking donors ("Stanford Challenge," n.d.). The Stanford development website reflects not only an understanding of the need for the language and message of venture philanthropy, but also of the giving opportunities and causes most attractive to potential donors. It is clear from the website that Stanford fundraisers are actively reacting to venture philanthropy trends.

Other giving websites studied either reflected the language and message of venture philanthropy or entrepreneurial giving opportunities. Four universities included content that reflected some understanding of the impact of business thinking on philanthropy, though not as explicitly as the Stanford site. On their giving website, Johns Hopkins University and the University of Pennsylvania incorporate the concept of giving as an investment. Johns Hopkins uses it in its introductory message on the main alumni page as a reason to give: “A gift to Johns Hopkins is an investment in a better future, because what Johns Hopkins achieves it gives to the world” ("Johns Hopkins," n.d.). Similarly, the University of Pennsylvania underlines the need for investment to maintain
its level of institutional excellence: “Excellence in education, research, and service to the community requires continued investment, and Development and Alumni Relations work together to secure the funds needed” ("U. Pennsylvania," n.d.). However, the Pennsylvania reference was not as front and center as the Johns Hopkins message, and was thus less likely to be viewed by potential donors. Nevertheless, they both reflect an understanding of the language of venture philanthropy.

The University of Southern California and the University of Wisconsin-Madison websites also reflect investment-like language in the form of “paying dividends.” The University of Southern California’s development webpage introduction begins with a bold reference to dividends: “Your gift to USC pays extraordinary academic and societal dividends” ("U. Southern California," n.d.). This phrase reflects the different returns on investment described in the literature. The University of Wisconsin’s approach is a little different, naming its alumni newsletter, a typical element of most alumni associations, “Wisconsin Dividends.” While the title does not specify what the dividend is or what pays the dividend, the implicit message is that University of Wisconsin-Madison donors will receive dividends on their gift to the institution. While both these references are subtle, they clearly reflect a cognizance of investment language and its use for philanthropic causes.

One university focused on emphasizing creative giving opportunities over using specific investment language. While the Cornell University website did not include specific investment language, it did provide venture philanthropy-like options for giving. Its alumni webpage contains a link to a page entitled, “Creative Ways to Give,” and lists a variety of reasons and approaches to giving ("Cornell Creative," n.d.). The website
reflects elements of venture philanthropy by providing creative ways and reasons to make a gift. This is also one of the characteristics discussed in the venture philanthropy literature. Cornell is an example of an institution not incorporating investment language, but rather using gifting opportunities to draw business-minded donors.

Finally, four university websites had no mention or allusion to values of venture philanthropy: Harvard University, Yale University, Columbia University, and Duke University. The webpages perused in this study revealed neither language, nor giving opportunities that could be construed as business or investment-like. Nevertheless, the four institutions are on the list of the top ten fundraisers in higher education.

The six interviews, the four surveys, and ten websites analyzed yielded a significant amount of data about the influence of new philanthropic trends on development in higher education institutions. This data can be applied to answer the research question and examine the intersection between venture philanthropy and higher education fundraising. The next section will look at the data interpretively in order to draw conclusions about how new patterns in philanthropy are changing giving to educational institutions.
Interpretation

The data collected through this study reveals several major trends. Interestingly, all three data sources, the interviews, surveys, and artifact analysis, reflected similar patterns in the fundraising processes and practices of individuals and institutions. This section will discuss three major findings of the study: 1) varied levels of understanding of venture philanthropy, 2) discrepancy between the literature on higher education fundraising and the awareness of philanthropic trends emerging from the data, and 3) the relationship between venture philanthropy and stewardship. The most prevalent finding was the difference in levels of awareness, understanding, and reaction to venture philanthropy. Levels varied from individuals unable to define or give an example of venture philanthropy to individuals and institutions intimately familiar with the trend, its implications, and how it can be used to the institution’s advantage. Surprisingly, some institutions and individuals were very attuned to the new patterns in philanthropy. The data also indicated that there is much more awareness of and attention given to venture philanthropy than the literature on higher education fundraising suggests. Finally, the data also pointed to the importance of emphasizing individual relationships with donors. These trends are discussed in detail in this section.

Varied Levels of Familiarity with Venture Philanthropy

An overarching theme emerging from the data was the wide spectrum of awareness, understanding, and incorporation of the venture philanthropy trend among fundraisers and institutions. This was apparent in all three data sources. In the interviews, while venture philanthropy was not the explicit focal point of the themes discussed, it emerged implicitly in the fundraisers’ characterization of donors identified
and their familiarity with the term and its implications. None of the interview participants identified venture philanthropy when asked about recent trends in philanthropy, but they did identify 13 different characteristics of venture philanthropy which correlated with traits described in the literature on the trend (DiMento & Lewis, 2007; Eikenberry & Kluver, 2004; Strom, 2006; "Philanthrocapitalism," 2006; Wagner, 2002). Thus, even if they were not aware of terminology, they did identify the trend’s manifestation in donors.

Interviews

A few examples from the interviews serve to illustrate the varied levels of understanding of venture philanthropy. For example, in response to a question about venture philanthropy, one interview participant, Ricardo, stated that he had heard the term before, but did not really know what it meant. In fact, he was the one who identified the second fewest venture philanthropy trends out of all the interviewees. Not only had he not really heard of VP, but he also was unable to identify many of its characteristics compared to other participants. On the other hand, Dimitri was much more familiar with the concepts of venture philanthropy. Working with young alumni, he listed the most characteristics (nine) out of any of the interviewees. He also gave a fairly specific definition:

> It's the idea of investing your dollars philanthropically. Your concern is with the results… I have also noticed that these folks gain excitement by thinking ‘outside of the box’ with their philanthropy. They want to do things in a new way that could be used as a benchmark in the future.
Dimitri’s definition touches on a three key aspects of venture philanthropy: giving as an investment (Eikenberry & Kluver, 2004; "Business," 2006), thinking creatively (DiMento & Lewis, 2007; "Business," 2006), and focusing on results (Eikenberry & Kluver, 2004; Strom, 2006; Wagner, 2002).

Sahar, another interview participant, fell somewhere between Ricardo and Dimitri in her understanding. She was able to speak comfortably and accurately about the trend and defined it as, “high risk, high impact.” Additionally, she did not consider it a flashy, new trend, but rather a pattern that had been around for about five years. Nevertheless, she gave the fewest examples of venture philanthropy (three), though this may be due to her specific role working with foundations and not specific donors. Finally, Becca gave six characteristics of venture philanthropy, but did not define it in any way. However, she gave the most examples of how she and her institution are reacting to the demands of venture philanthropists. From just these six examples, it is clear that there is a variety in understanding and reaction to venture philanthropy, even within the same development office. This finding points to the fact that venture philanthropy is a new and growing trend, and that not everyone has yet heard of it. The fact that some individuals are very familiar with its values demonstrates that it is relevant to the fundraising profession.

Surveys

This pattern was also repeated in the surveys. The surveys represented a much more diverse group of institutions, ranging from large, highly-selective research universities to private high schools, and encompassing the U.S., Canada, Great Britain, and Australia. As a result, a variety of answers would be expected. This was indeed the case with the four surveys returned. The respondent with the least knowledge of venture philanthropy
was not able to accurately define it, nor apply it to her institution. Coming from a private high school outside the U.S., she did not come into contact with the trend. Conversely, another one of the respondents, from a small, private, religiously-affiliated liberal arts institution in the Northeast, reflected a sophisticated understanding of venture philanthropy, describing it as “a new venture or undertaking” where specific commitments and results are established at the outset and the donor is involved in the implementation of the gift. New ideas, focus on results, and donor involvement are all key descriptors of venture philanthropy (Eikenberry & Kluver, 2004; Wagner, 2002). These two examples represent the two extremes in familiarity with the trend in a fundraising context. Though only four surveys were returned, they reflected a range of understanding and examples of venture philanthropy. Thus, they are helpful to understanding how fundraisers understand and incorporate new trends into their practice. The different levels of understanding illustrate how new trends in philanthropy are better understood in particular geographic locations and institutional types.

Website analysis

Likewise, the websites reflected a range of use of venture philanthropy traits in the institutions’ marketing strategies. In this case, the artifact analysis aimed to determine the utilization of the trend to appeal to donors. As described in the data summary section, Stanford University was the best example of a university website reflecting venture philanthropy to its donors. It used both language, “venture capital” and “investment,” and giving opportunities, environmental and sustainability issues, to demonstrate its knowledge of new philanthropic patterns. Stanford may be using this approach to appeal to new donors and venture philanthropists during its $4.3 billion dollar campaign.
Moreover, the approach may have propelled the campaign to reach beyond the halfway mark less than a year after its launch.

In contrast to Stanford, four out of the ten websites did not contain any prominent allusions to venture philanthropy. It is impossible to deduce simply from the website the level of an institution’s knowledge of and reaction to the trend. In the case of Stanford University, its website content is clearly part of a deliberate strategy. Other universities may have also explicitly referred to business language; or it is possible that this language is penetrating the philanthropic sphere, and it is not uncommon to find it sprinkled among fundraising communication and appeals to donor. In general, the top ten institutions reflected significant mention of characteristics and values of venture philanthropy. Nonetheless, there is visible variety among the websites studied in terms of their incorporation of new patterns in philanthropy. This diversity, in the websites, as well as the interviews and surveys, could reflect the fact that venture philanthropy is an emerging trend, and not everyone is yet familiar with it.

While the three data sources revealed substantial variety in understanding and utilization of venture philanthropy, it was surprising to find that some individuals and institutions were very attuned to new patterns in philanthropy. Based on the literature in higher education fundraising, this was an unexpected finding. For example, collectively the interviewees were able to pinpoint 13 different characteristics of venture philanthropy. Some of the interviewees and survey participants were able to give a very accurate definition of the trend, coinciding with existing literature. Again, Stanford provided an example of an institution highly focused on new philanthropy. These examples constitute one end of the spectrum in the range of understanding of venture
philanthropy among fundraisers and development offices. Generally, this high level of understanding was unexpected considering the limited mention of venture philanthropy in books and articles on educational fundraising. Thus, if higher education institutions are to appropriately react to venture philanthropy, more attention must be devoted to raising awareness of the trend among individuals and institutions alike. Without a solid understanding of the characteristics of venture philanthropy, higher education cannot take full advantage of the trend.

Differences in knowledge of venture philanthropy can be attributed to several reasons. First of all, geographic location has an impact. Philanthropy is more developed and sophisticated in the U.S. than abroad, so this may explain why the survey participant from outside the U.S. did not have a good grasp of venture philanthropy. On the other hand, Stanford’s proximity to the Silicon Valley, the center of the tech boom and breeding ground for venture capitalism, might make it more attuned to concepts of venture philanthropy. The type of donors fundraisers work with could also determine their awareness. One of the major gift officers, Anya, who worked primarily with older donors, was neither aware of, and nor ready to embrace, entrepreneurial trends. She was more focused on the importance of wealth transfer. However, Dimitri, who worked mostly with young alumni was able to rattle off a long list of venture philanthropy characterizations. Finally, the institutional type could also make a difference. Both Stanford and the institution at which the interviews were conducted are large, private research universities. Nevertheless, one of the survey participants who appeared well-versed in the language of venture philanthropy came from a small liberal arts college on
the east coast. Thus, it is unclear what kind of effect institutional type has on institutional and individual understanding of venture philanthropy.

Discrepancy between Literature and Data on Higher Education Fundraising

The scant mention of venture philanthropy or related themes in the literature on higher education fundraising implies a limited understanding of entrepreneurial trends among fundraisers and development offices. However, this is not the case. Indeed, some individuals and institutions have sophisticated knowledge of the trend and how to apply it to their advantage. Thus, there is a discrepancy between the actual working understanding of venture philanthropy in university development and the attention devoted to it in academic writing. Not only are individuals and institutions aware of new trends, they are also reacting to them and actively educating themselves about their most current implications.

The literature review in this study focused on the most current works, in order to assess the latest perception of trends. While there was an abundance of literature on social entrepreneurship and venture philanthropy, both on the theoretical and practical level, there was almost nothing written on the intersection between venture philanthropy and higher education fundraising. The best example of this intersection is a brief, five-page, description of market values infiltrating philanthropy and an allusion to the existence of venture philanthropists in the introduction to a leading edited work on higher education fundraising (Worth, 2002c). The book does not have a section devoted to venture philanthropy, or even a more general description of the blurring between for-profit and nonprofit ideas in the realm of philanthropy; rather, it contains only a short
reference in the introduction and conclusion of the work without further explanation. This could be explained in two ways.

Entrepreneurial trends could be missing from higher education fundraising literature because the literature is relatively dated, or because there is not much written on the topic in general. Worth’s book, while not old, may not capture the most recent trends, because it was published five years ago. It is possible that he, or someone else, may be working on a new edition or a new resource entirely. Nevertheless, currently, nothing of the sort exists. A second consideration is the general dearth of literature on educational fundraising. This finding is corroborated by an article written specifically about the lack of published material in this area (Kelly, 2002). Despite these possible explanations, the fact remains that currently, higher education fundraising literature has not significantly nor sufficiently considered venture philanthropy trends. It does not accurately reflect the level of understanding that currently exists among practitioners in the field.

The literature from the fundraising perspective also fails to note changing patterns among donors in terms of venture philanthropy. While there is much written about venture philanthropy, it is difficult to gauge how much of an effect it has specifically on donors to higher education institutions. Yet, a recent book written explicitly as a guide for donors contributing to higher education incorporates the category of social entrepreneurs (Caulkins, Cole, Hardoby, & Keyser, 2002). The social entrepreneur in this description is similar to the venture philanthropist: he or she is “more loyal to a vision, an activity, or a cause than to a particular institution” and the “real goal is to advance a specific activity” (Caulkins et al., 2002, p. 75). This definition (aimed specifically to donors) mirrors that of Eikenberry and Kluver (2004) emphasizing issues
rather than institutions (p. 134). Caulkins, et al. (2002) present a chart of donor types, including the social entrepreneur, shown in Table 8. The authors distinguish four types of donors who give to higher education based on the donors’ focus on a particular school and their focus on a particular topic. In this model, the social entrepreneur is not focused on particular school, but rather is a certain topic. Thus social entrepreneurs will “shop around” for an institution that will entertain and support their ideas (Caulkins et al., 2002). Institutions must be aware of these types of donors for two reasons: 1) to attract the particular social entrepreneur interested in a cause pushed by the university, and 2) to know when a donor’s ideas for funding may not coincide with institutional priorities and may not be a gift the university should accept. Becoming more aware of the concept of entrepreneurial giving will enable fundraisers to better discern which gifts will most benefit the institution.

Table 8. A Typology of Giving and Giving Strategies

<table>
<thead>
<tr>
<th>Focus on a Particular School</th>
<th>Focus on a Particular Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed to Helping One School</td>
<td>Flexible about Specific Activity Funded</td>
</tr>
<tr>
<td>Not Concerned About School per se</td>
<td>Loyal Alum: promote something from medium-long list of wishes to reality</td>
</tr>
<tr>
<td></td>
<td>Philanthropic Angel: search for school that matches your interest and/or is deserving</td>
</tr>
<tr>
<td></td>
<td>Committed to Funding a Specific Activity</td>
</tr>
<tr>
<td></td>
<td>Alum with an Agenda: negotiate carefully with partner in joint venture</td>
</tr>
<tr>
<td></td>
<td>Social Entrepreneur: shop and bargain for best deal</td>
</tr>
</tbody>
</table>


If a book about donors and for donors describes venture philanthropy, this is a clear sign that the trend does affect higher education. Yet literature from the fundraising perspective has not yet fully incorporated the venture philanthropy trend.
The lack of an intersection between fundraising and venture philanthropy in the literature contrasts not only with the mention of entrepreneurial approaches in information for higher education donors, but also with the data in this study. The interviews revealed an awareness of venture philanthropy, but also spoke to a high level of professional development and training for fundraisers. Most of the respondents mentioned that they attend several conferences a year, as well as training organized by their office. This is demonstrated by some of the interviewees’ high level of awareness and incorporation of the trend. Additionally, training materials for development offices reflect familiarity with venture philanthropy at the highest level, as well as recognition of its relevance and implication for higher education.

One particular training session illustrates how venture philanthropy is beginning to assert its presence among fundraisers. The training, presented by CASE, the professional association for educational fundraisers, was entitled “Seven Powerful Trends in Philanthropy and How to Use Them” and included venture philanthropy within one of the seven trends (Osborne, 2007). The presentation stressed the return on investment, self-directed nature, deeper donor involvement, and entrepreneurial spirit of venture philanthropy (Osborne, 2007). Additionally, the speaker asserted that donors will embrace the university’s vision, because they crave bold ideas (Osborne, 2007). These descriptors are exactly those found in the literature on venture philanthropy. While the training also focused on six other trends, it nevertheless included venture philanthropy and its implications on higher education.

CASE plays a key role in educational fundraising by organizing conferences, conducting and disseminating research, and educating and training its members. Its
central position in the fundraising arena emphasizes the importance of the information it disseminates, as well as the fact that widespread awareness of venture philanthropy among educational fundraisers may be right around the corner. Specific training on venture philanthropy topics adds to the discrepancy between academic literature and actual fundraisers and institutions.

The specific practices which emerged from the data further point to a higher level of sophistication in development offices than the literature suggests. The interviews revealed that even though fundraisers did not pinpoint venture philanthropy per se, they were incorporating its key characteristics. Five out of the six fundraisers mentioned that donors demand a higher level of accountability. This is one of the characteristics of venture philanthropy; specifically, donors want to ensure that their gift is making a quantifiable difference (Eikenberry & Kluver, 2004; Wagner, 2002). One of the fundraisers, Becca, named several ways in which the institution attempted to meet this donor expectation. Her team was increasingly customizing their mass mailings to reflect donors’ past giving and how their gift was making a difference. They also separated young alumni from the general mailing in order to better meet the young alumni’s expectations. Even if venture philanthropy was not part of this team’s strategic plan, it accurately pinpointed and addressed specific traits.

Another example of reacting appropriately to venture philanthropy is the language and giving opportunities reflected in six out of ten websites analyzed. These six universities, like Becca’s team, reacted to characteristics of the new trend without necessarily recognizing it. The institutions may simply be attuned to donors’ expectations and values, and market to them without formally identifying venture
philanthropy. Even so, these practices show how individuals and institutions are organically reacting to philanthropic trends.

**Relationship between Venture Philanthropy and Stewardship**

Another finding emerging from the data, specifically the interviews and surveys, is the importance of stewardship and individual donor recognition. Stewardship is a common concept within both fundraising practice and literature. It involves “faithfully and competently carrying out the purposes of the gift and continuing to communicate with the donor regarding the impact of that gift on the achievement of institutional goals” (Worth, 2002b, p. 8). The idea of stewardship actually brings together the data from the study, literature on higher education fundraising, and the values of venture philanthropy. During the study, when asked about trends in philanthropy, or specifically venture philanthropy, five out of six of the interviewees and two out of four of the survey respondents alluded to the importance of stewardship and recognizing donors’ gifts on an individual level. This attitude echoes traditional strategies described in the fundraising literature (e.g., Buchanan, 2000; Rhodes, 1997; Worth, 2002d). Interestingly, the idea of stewardship also corresponds with some of the characteristics of venture philanthropy, such as recognizing the gift as significant, and enabling the donor to stay in touch with both the implementation of the gift and the institution. Taken even further in the direction of venture philanthropy, stewardship would encompass an ongoing relationship between the donor, the institution, and the specific recipient of the gift, such as a scholarship recipient or a particular academic department. It could go so far as to include the venture philanthropist’s implementation and exit strategy. While this is not yet a
reality in higher education, stewardship nonetheless brings together traditional goals of the university with the values of venture philanthropy.

The three major trends that emerge from the data indicate significant findings in the study. First of all, it is notable that fundraisers and institutions actually have a decent working knowledge of venture philanthropy. Second, it is clear from this data that published research on educational fundraising is not keeping up with current practices, trends, and their implications. Finally, the emphasis on stewardship in the course of the study illustrates how fundraisers are applying crucial aspects of venture philanthropy to already existing practices. It also reveals how the trends affects higher education fundraising in a critical and tangible way. One of the questions raised at the beginning of this study was whether new trends in philanthropy had an impact on higher education. The concept of stewardship provides a point of intersection between venture philanthropy and existing fundraising practices and literature demonstrating the relevance of the trend in a higher education context.
Conclusion

With the lines between philanthropy and business blurring, universities and colleges must consider the extent to which their donors will view their giving as a business endeavor. Venture philanthropy provides a useful illustration of how business and philanthropy are merging, and how this can work to an institution’s advantage. Major donors seek creative outlets for their giving, as evidenced by some of the $100-million plus donations in 2006 recorded by the *Chronicle of Philanthropy* (DiMento & Lewis, 2007). For example, Gary C. Comer (27th on the list of top donors in the U.S.) gave $25 million to the Comer Science and Education Foundation in Chicago, which fights global warming (DiMento & Lewis, 2007). The gift went to a foundation, but could just as well have ended up at a university with a similar mission of diminishing climate change. This is just one illustration of how universities must pay attention to the characteristics of venture philanthropists. While change is generally difficult, and not always immediately accepted, it will behoove educational organizations to view venture philanthropy in a positive light and take advantage of all the trend has to offer. Many of the underpinnings of venture philanthropy have been long accepted by development offices, such as restricted giving, increased stewardship, and a focus on accountability and outcomes. Thus, institutions are better prepared to face venture philanthropy than they may realize. Nevertheless, it will take conscious effort and ample resources to effectively incorporate entrepreneurial trends into advancement strategies. While this study has begun to shed light on how new patterns in philanthropy are changing giving to higher education institutions, it also raises the question of how institutions should best react to the changing patterns.
This study has successfully answered the research question, but also contains some limitations and leads to further questions and next steps. The question, which asks how new patterns in philanthropy are changing gifting to higher education institutions, has been answered through the three main themes that emerged from the data: varied levels of understanding of venture philanthropy, discrepancy between literature on higher education fundraising and the actual awareness of philanthropic trends among fundraisers and institutions, and the close relationship between venture philanthropy and stewardship.

The data reveals that new patterns in philanthropic giving, namely venture philanthropy, are changing the way gifts are made to universities and colleges. Fundraisers, both those interviewed and those surveyed, are noticing and reacting to venture philanthropy. They are adjusting their practices to accommodate expectations for increased accountability, donor involvement, and visible results. These changes are still quite minor, but are taking place on both the theoretical and the practical level. On the theoretical level, fundraisers and higher education administrators are learning about the characteristics and implications of venture philanthropy. This is happening through individual observation of donor attitudes and expectations, as well as through formal training and professional development. On a more practical level, some fundraisers and institutions are beginning to apply what they learn about venture philanthropy into their fundraising and marketing practices. While the data provided evidence of some highly sophisticated examples of incorporating venture philanthropy, a wide range in understanding of the trend persists.

Even though the data pointed to institutions’ rising interest in and awareness of venture philanthropy, it is important to remember the emphasis in educational fundraising
to treat each donor as an individual instead of lumping her or him into a broad trend. Each of the fundraisers interviewed stressed the importance of this concept. They underlined the one-on-one relationship between major donors and development officers. Some alluded to the fact that familiarity with an individual donor’s vision and expectations, stemming from the close relationship, may trump general patterns. They reasoned that if a donor is influenced by venture philanthropy, his or her gift officer would respond appropriately on the individual level. The unique individual relationships may indeed downplay the ubiquity of venture philanthropy. Even so, a gift officer unfamiliar with and unaccustomed to venture philanthropy might have a difficult time reacting effectively to the expectations of a venture philanthropist. Thus, it is essential that fundraisers be acquainted with the ideas of venture philanthropy in order to take advantage of the trend and not miss out on funding opportunities.

Limitations

While the study yielded useful conclusions, there were also some limitations. Primarily, it was small in scope, and thus included only a small sample of institutions and individuals. There was limited variety in institutional type and overall geographic distribution. The low return rate for the surveys reduced exposure to leaders in the fundraising profession. Finally, as mentioned above, there may be a limited effect of trends on educational fundraising.

The small size of the study was the greatest limitation. All the interviews were conducted at a single institution. It would be instructive to conduct interviews across geographic regions and institutional types to see how awareness and incorporation of venture philanthropy trends varied. Likewise, the website analysis focused mainly on a
single institutional type, the large research university, since these schools were the most successful fundraisers. It would be interesting to compare liberal arts and community colleges to the websites analyzed in this study. Finally, the low return rate of the surveys limited access to fundraising leaders. More surveys, and perhaps some interviews, of the CASE leadership would provide insight into the direction of educational fundraising in terms of reaction to venture philanthropy. Initially, this study was to include surveys and interviews of philanthropists to more accurately gauge their attitudes toward giving to higher education institutions, but was limited by time available for research. It would have been helpful to understand new philanthropists’ opinions specific to educational giving, since this topic was only barely broached in the literature (Caulkins et al., 2002). However, due to the small scope of the study, interviews and surveys of philanthropists were not possible.

The other limitation affecting the application of the results of this study is the unique setting of higher education and its fundraising practices. First of all, universities and colleges have a specific donor base made up of alumni. They also operate within a particular collegiate culture to which the alumni are privy. This induces institutions to approach prospective donors as alumni, or members of the “university family.” Thus educational organizations are less focused on broad trends, and more attentive to their alumni constituency. Moreover, development strategies focus on individual relationships with major donors, which may naturally incorporate entrepreneurial donor expectations.

Finally, the higher education culture may not be receptive to incorporating entrepreneurial trends. There are many constituents within academia who are opposed to accommodating business-driven trends. They view the mission of universities as
educating and creating knowledge, not as running a lucrative enterprise. There has been some backlash against the commercialization of higher education, and this opposition may affect reactions to venture philanthropy as well. Some higher education constituents will not see venture philanthropy as a positive trend, and will therefore be unwilling to adapt to it.

Even individuals open to new ideas and approaches acknowledge that there is a limit to how much a university can bend over backwards for a major donor. There is a point at which the gift detracts from a university mission, as opposed to enhancing it. For example, a venture philanthropist who seeks to fund a center to administer micro-loans to the developing world may not be viewed as the best prospect for a university. If the institution has no existing program with micro-loans or the developing world, the idea may detract from its strategic priorities. A new center may seem like a great idea at the outset, but becomes a drain on university resources once the initial gift to establish the center has run out. Thus, while venture philanthropy has its advantages, there is a limit to the extent to which it can be incorporated into higher education giving.

Further Questions

The study and its findings raise many further questions for exploration. Since this is one of the first studies ever conducted on the intersection between higher education and venture philanthropy, it only begins to uncover the importance and application of venture philanthropy to such fundraising. As mentioned above, more institutions and various institutional types need to be explored in order to better understand how the trend affects higher education. In the same vein, geographic differences and patterns may also play a
role. Will venture philanthropy affect some institutions more than others? The survey results in this study suggest it will. This merits further investigation.

Additionally, work with donors and philanthropists would provide more insight into the relevance of venture philanthropy to higher education. The Caulkins, et al. (2002) guide to giving for donors implies that venture philanthropy plays a role in educational giving, but more research needs to follow this suggestion. Future studies might try to determine if donors are satisfied with their giving experience to higher education and how it can be enhanced. Or they may attempt to determine if institutions actively reacting to the trend are more successful in their fundraising. Moreover, it would be interesting to assess what other aspects of higher education venture philanthropy may affect. The trend could also have an impact on individual professors, departments, or curricula; it need not be limited to fundraising. Similarly, venture philanthropy certainly affects sectors other than just higher education. What other types of charitable organizations does the trend encompass? These, and other, questions could be explored in future studies on venture philanthropy.

Since there have not been any published studies on the effect of venture philanthropy on higher education, and on the nonprofit sector generally, this study provides initial findings, but also raises many questions and ideas for future studies. It is likely that there will be more research conducted on entrepreneurial trends in philanthropy as the trend grows in scope and influence.

Next Steps

Regardless of the many questions raised by this research, its findings can be applied in practical and useful ways to enhance fundraising practices and the
effectiveness of higher education institutions’ missions. The first step is to continue educational efforts to raise awareness of venture philanthropy among development offices. This is already being done at some universities through CASE and through institutional-level training. Yet, not everyone is hearing the message. Next, institutions need to analyze venture philanthropy from the perspective of their mission, goals, and needs. Not every school will or should react to entrepreneurial trends in the same way. The appropriate reaction will depend on institutional character and past fundraising practices. However, some broad guidelines can be established.

In their planning, institutions should keep in mind the main characteristics of venture philanthropy, both those discussed in the literature, and those emerging from the data of this study. The top themes found among donors are: demand for greater accountability, desire to be more hands on and involved, and desire to have both a local and global impact. Institutions and fundraisers can take these three traits and ask: how can we be more accountable to donors? In what ways do our donors and alumni want us to be more accountable? Similarly, how can we allow donors to be more involved with their gift? How can we extend the giving experience beyond the actual monetary exchange? And finally, what giving opportunities can we offer that have both a local and global impact? Universities are uniquely positioned to offer this last option relatively easily. For example, sponsoring a fellowship that funds a student trip to Africa to study and help prevent the spread of HIV/AIDS helps the specific university department (local), the student (local), the specific town or clinic in Africa (global), and the general body of research on HIV/AIDS prevention (global). Thus, in order to react effectively to
venture philanthropy, institutions and individuals must ask themselves key questions, and be prepared to answer them in creative ways.

While business and philanthropy have traditionally occupied distinct domains, and higher education was largely immune to the pressures of big business and corporate America, this is no longer the case. As this study has shown, the lines between business and philanthropy are blurring, and colleges and universities are increasingly affected by the business model and pressure to commercialize. Gifts, such as Mr. Comer’s $25-million donation, have specific goals and agendas that universities must identify in order to draw in appropriate gifts. This study has brought to life a quote from *The New York Times* article that introduced this paper: “This year, as never before, the line between philanthropy and business is blurring. A new generation of philanthropists has stepped forward… They are the ‘philanthropreneurs,’ driven to do good and have their profit too” (Strom, 2006). Venture philanthropy has risen out of these broad patterns and found its way into the fundraising units of higher education institutions. In today’s global and fast-paced world, there is no such thing as an “ivory tower;” universities are just as susceptible to entrepreneurial trends as any other organization or individual. The question is, how exactly will they be affected, and how should they respond. This study begins to address what higher education institutions must do to ensure that future Mr. Comers, Mr. Gates, and Mr. Buffetts will be inspired to give to universities and colleges over the plethora of other charitable opportunities available in the world today.
References


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Appendix A

Interview Protocol

Background

How long have you been in your current position
What did you do before working at NU?
What are your main roles and responsibilities in your position?

Trends

What are major trends you have seen in philanthropic giving in recent years?
In your experience, how has charitable giving changed?
How are these changes affecting your institution?
How is NU responding to these changes?
Have you observed other higher education institutions responding to the changes?

New philanthropy

How would you characterize the newest generation of donors?
Do they differ from previous generations?
How?
Do you believe this new generation constitutes a new attitude toward philanthropy?
If yes, how?
How is or how will this new generation change or shape philanthropic giving?

Donor Attitudes

How have donor attitudes changed in recent years?
How have their expectations changed?
Do you believe these changes are positive or negative for higher education?
Why?

Do you believe these changes are positive or negative for philanthropic giving generally?

Other

Other comments?
Appendix B

Questions for Higher Education Fundraising Leaders

1. What is your own definition of venture philanthropy? Can you give an example of it?

2. Do you think venture philanthropy is affecting gifting to higher education? If so, how and to what extent?

3. Do you recognize other entrepreneurial trends in philanthropy that are affecting the fundraising arena?

4. Other comments:
Appendix C

Consent Form

Northwestern University
School of Education and Social Policy

CONSENT FORM

Project Title: Philanthropy and Higher Education

Student Investigator: Marianna Kepka
Faculty Advisor: Lois Trautvetter

Introduction/Purpose

This study seeks to understand how changing patterns in philanthropy relate to higher education fundraising. You are being asked to participate in this study because you work in a university fundraising office. The researcher is interested in your thoughts and feelings about philanthropic patterns, donor attitudes, and your experience in the fundraising arena. There will be approximately 6-8 individuals interviewed for this study.

Procedures

As a participant in this study, you will be asked to participate in a short, recorded interview. Your participation in this study will last for about 20-30 minutes and will involve one meeting.

I will conduct this interview at a mutually-agreed upon location and time. I will audio tape this interview and take detailed notes throughout it. I will do so only with your permission. You have the right to review and edit the tape in order to delete any material
you do not want on the tape. I will record and transcribe this interview to ensure accuracy of your responses is maintained.

At any time in the study, you may decide to withdraw from the study. If you withdraw no more information will be collected from you. When you indicate you wish to withdraw I will ask if the materials already collected in the study can be used.

*Risks*

Your participation does not involve any risks other than what you would encounter in daily life. Confidentiality will be maintained throughout the course of the study. Only the researcher will be aware of your identity and will mask it in the study report. Any unique features that may enable the identification of a participant will be omitted from the study.

Again, you may withdraw at any time.

*Benefits*

There may be no direct benefit to you by your participation in this research study. The potential benefits to you from participation in this study may include reflecting on your profession and/or practices, learning about trends in philanthropy, or become more aware of changing trends in the future. You will also have the opportunity to receive the findings of the study.

Your participation in this study may aid in a better understanding of philanthropic trends and fundraising strategies. It may ultimately enable university fundraising units to operate more effectively.

*Alternatives*

You have the alternative to choose not to participate in this research study.
Confidentiality

Participation in this research study may result in a loss of privacy, since persons other than the investigator might view your study records. Unless required by law, only the study investigator, members of the investigator’s staff, the Northwestern University Institutional Review Board, and representatives from the Office for Human Research Protections (DHHS) will have authority to review your study records. They are required to maintain confidentiality regarding your identity.

Results of this study may be used for teaching, research, publications, or presentations at conferences. If your individual results are discussed, your identity will be protected by using a pseudonym rather than your name or other identifying information.

All audio recordings from the interview will be destroyed after analysis is completed.

Financial Information

Your participation in this study will involve no cost to you. You will not be paid for your participation in this study.

Subjects’ Rights

Your participation in this study is voluntary and you are free to withdraw at any time. You are free to choose not to answer particular questions if you do not want to. You may ask that the tape recorder be turned off at any point during the interview if there is something that you do not want to have recorded. Any new findings developed during the course of the research will be provided to you.

Contact Person

If you have any questions about this study you may call Marianna Kepka at telephone number (312) 497-8961 or email at m-kepka@northwestern.edu. If you have any
questions about your rights as a research subject you may call the Office for the Protection of Research Subjects of Northwestern University at telephone number (312) 503-9338.

Consent

I agree to participate in the research study described above. I will receive a copy of this consent form after I sign it.

_________________________________________________________________________  __________

Subject’s Name (printed) and Signature  Date

_________________________________________________________________________

Name (printed) and Signature of Person Obtaining Consent