

**Lessons from the commencement of systematic
fundraising at a New Zealand University**

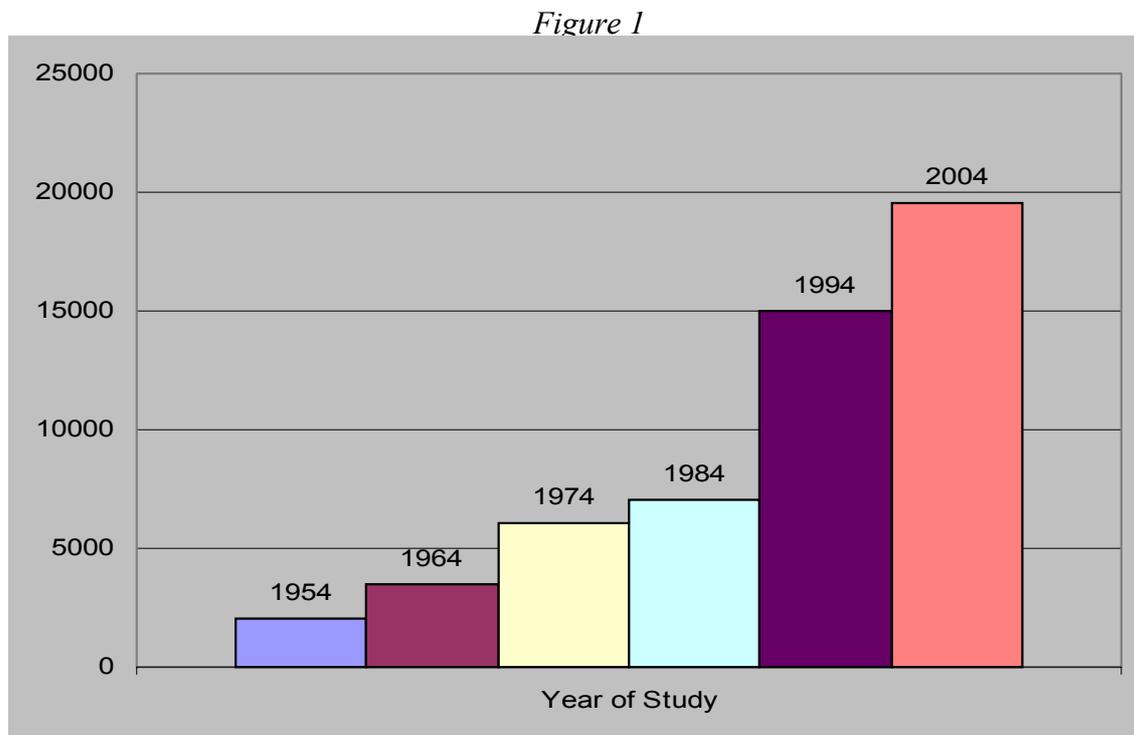
Hon. Dr. Clive Matthewson, MNZM, FIPENZ
Director of Development
University of Otago

The New Zealand context

New Zealanders are accustomed to looking to their government to ensure security and opportunity. The tradition of activist government was established in the early 20th century and a strong welfare state developed by the Labour Government of the 1940's. This included the provision of universal free education and was expressly stated at the time to enable every New Zealander to be provided with education to their full capability.

This situation was traditionally sustainable because New Zealand derived a guaranteed income through the production of primary produce, principally for export to the United Kingdom.

By the 1980's this comfortable situation had disappeared. Concurrently, University student numbers were rising fast. Figure 1 shows this effect at the University of Otago.



Research spending increased in tandem, driven by both cost increases and government realisation that this was a necessary investment in the future of the country.

The inevitable consequence was that students, for the first time, were asked to contribute through the payment of fees to the cost of their University courses. Fifteen years later, this reality is still unpopular. In response, the present government has set upper limits on the fees that universities can charge. Thus, funding levels are completely constrained.

There are seven universities in New Zealand of relatively uniform very good quality. However, none can become truly world-class under these funding constraints.

Looking towards North America in particular, it is not surprising that New Zealand University leaders have started to think about accessing the philanthropic dollar.

Unfortunately, New Zealand is not like North America. Apart from the general view that provision of education is the Government's business, there is the question of wealth.

New Zealand is a young country without great accumulated wealth and with a very uniform income distribution. Figure 2 shows the total wealth of all those New Zealanders with individual net wealth of NZ\$25m or more. It is only five years since this reached NZ\$10b (approximately €5b). Further, "many of those whose names appear on the *Rich List*...would not consider themselves rich. This is because New Zealand has very little inherited wealth compared with many other countries. Most people on the *Rich List* have increased their wealth by building up their own businesses. And most of the profits they have made have been ploughed back into those businesses to help them grow and prosper. Many would have incomes considerably less than those of the highly paid executives who run most of our publicly listed companies. Most of the *Rich List* money remains tied up in the businesses their owners have so diligently nurtured" (ibid).

Figure 2



National Business Review Rich List 2004

Thus, there is a lack of significant wealth and also a lack of accessibility to wealth. It looks as if it will be difficult for philanthropy to provide the answer. What good will it do to raise perhaps NZ\$10m in one year when the University's budget is NZ\$350m? But it cannot be accepted that there is not an answer here.

The University of Otago

The University of Otago was New Zealand's first university, established in 1869 in Dunedin. There are currently 19,576 students enrolled, including approximately 2,500 postgraduate students, over 700 at a doctoral level.

Analysis indicates that research and teaching each comprise approximately half of the University's activity. Thinking about this further, it becomes clear that it is only a small number – perhaps 200 – of academic staff members who generate the bulk of the research effort.

This leads to the conclusion that a significant proportionate increase in research outputs can be generated by adding only a quite small number of leading researchers.

Thus, the University of Otago has focussed on the truism that the University is really the people within the University and that its performance and reputation can be significantly lifted by adding a small number of very good people.

Accordingly, the University has established an Advancement Programme called *Leading Thinkers*, the objective of which is to increase directly the human capital of the University.

The *Leading Thinkers* Advancement Programme

Leading Thinkers is a portfolio of individual projects which have been selected to align with the strategic and academic priorities of the University.

Each project is typically centred around the appointment of one additional “Knowledge Leader”. Preferably, these new positions will be funded by an endowment and will thus be in place indefinitely. However, where funding can be secured for a lesser amount, other shorter terms solutions can be adopted. The total programme requires the raising of NZ\$50m and will constitute 30 – 40 projects.

The worth of the programme is not only in the direct appointments made. By firmly focussing on what projects really matter, rather than on what would merely be nice to do, the University's vision and sense of direction is clearly signalled both internally and externally.

The University of Otago appointed the author as its first Director of Development in 2002 and it has not been until this year that further staff have been added. Nevertheless, some initial progress has been made. Most significantly, the Government has agreed to match dollar for dollar all private donations towards the “Knowledge Leader” component of the overall *Leading Thinkers* programme. Including NZ\$8m from this source, a total of NZ\$19m has been raised, and 12 projects are under way or will be instituted in the near future. Table 1 shows the spread of projects so far funded. The overall emphasis and balance will be improved as others join the list.

Table 1

Leading Thinkers Projects Funded to Date
Dunedin City Chair in Entrepreneurship
Ron Lister Chair in Geography
Community Trust of Otago Centre for Trace Element Analysis
F&J McKenzie Medical Repatriation Fellowship
Edgar Centre for Diabetes Research
South Link Health Chair in Palliative Care
Caroline Plummer Fellowship in Community Dance
Set of First-In-Family Scholarships
Transpower Scholarships in Applied Science
Eamon Cleary Chair in Irish Studies
CMRF Chair in Parkinson's Diseases

Although it is still early days, it appears that the programme will work and will play a significant part in establishing the culture of significant philanthropy for New Zealand universities.

Lessons from this experience so far

Table 2 ranks the reasons for giving.

Table 2

Reasons People Give	\$1m+ Donors Rating the motivations on a 1-10 scale
Community responsibility and civic pride	8.1
Tax considerations	2.4
Regard for volunteer leadership of institution	6.7
Is actually involved in the campaign program	4.5
Serves on the Board of Trustees, a major committee, or other official body of the institution	6.5
Has an adult history of being involved in the institution	6.1
Recognition of the gift	4.9
Was involved at one time in the activity of the institution – personal benefit	5.7
Memorial opportunity	3.7
Respect for the institution locally	7.0
Respect for the institution in a wider circle – region, nation, state	6.2
Religious or spiritual affiliation of the institution	5.0
Great interest in a specific programme with the project	5.9
To match a gift or gifts made by others	3.9
The challenge or to encourage other gifts	4.5
The uniqueness of the project or the institution	4.6
The appeal and drama of the campaign material requesting the gift	2.3
Fiscal stability of the institution	7.4
Guilt feelings	1.3
Regard for staff leadership	7.4
Leverage or influence of solicitor (the person asking for the gift)	6.0
Belief in the mission of the institution	9.6

From J. Pañas, 1984, *Mega Gifts*

Experience so far gained indicates that Table 2 suits New Zealand conditions.

Donors have been comfortable with receiving recognition, but have been motivated much more by the spirit of “giving back” to the community which helped them in the past. Both individual and institutional donors are interested in achieving the maximum good for the community. They want to see that individual project outcomes will provide social benefit. Also, they readily see that a strong University will be good for the nation.

All are clearly influenced by their judgment concerning the worth of the University of Otago – its reputation, performance, leadership and stability.

Particularly important for the University of Otago is its relationship to the city in which it is situated - Dunedin. The population of Dunedin is only 120,000. Thus, the University is significantly the largest enterprise and the largest employer. The downstream economic benefit of University staff and students is fundamentally significant to the health of the city. In addition, the University adds a great deal to the social, cultural and sporting life of Dunedin. It is only quite recently that it has become the accepted wisdom of the city and its leaders that the University plays such a central role. This provides a powerful motivation to support the University because this directly links with the idea of supporting the city.

The attraction of matching funds has provided a further clear lesson. Not only does a donor have his or her gift doubled in value, but there is the legitimisation provided by Government for this particular programme.

Not surprisingly, it is important that the leader of the University – the Vice-Chancellor – is seen to be directly involved in the programme. It is helpful that the Director of Development reports directly to the Vice-Chancellor.

Further lessons are of an operational nature, and will hardly be unique to Otago or New Zealand. The need for proper research, planning, stewardship and event management is presumably universal.

Conclusion

Experience at the University of Otago has thus far been brief. However, there is a conviction that private philanthropy can be very significant in setting the direction and achieving the goals of a university. Lack of an appropriate history does not seem to preclude success.

The single largest lesson is that fundraising is only the means to achieve the goal. So long as the funds are clearly focussed on outcomes that reach beyond the University and are seen to do so, then private engagement with those goals will be positive for the donor as well as the receiver.

The experience is positive to all parties, just as it should be. We all know that education is central to the fulfilment of individual and collective aspirations and we can all engage in meeting those aspirations through this process.