

**CORPORATE FUND RAISING AS AN EXCHANGE PROCESS:
DESIRED PRODUCTS AND BENEFITS**

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ABSTRACT

A survey of corporate donors was conducted for a small private university in southern California. Seventy-eight respondents chose philanthropy and a desire for special recognition as two important reasons for giving. Important benefits that the university could offer in return for donations were business forums with expert panels, access to research facilities, internship programs, and access to top students at recruiting functions. Benefits of lowest interest were access to undergraduate and graduate resume books, tickets to theater events, and faculty working papers.

INTRODUCTION

Although more than 90% of all philanthropic giving is by individuals [Forbes 1989], corporate giving to higher education is an essential component of most universities' fund-raising efforts. Potential corporate donors face a plethora of giving options, and many large corporations that have been traditionally heavy donors to higher education are starting to shift their focus to lower grades [Kuhn 1990]. In 1988, the top contributor to education was IBM at \$81 million. Besides unrestricted funds IBM provides curriculum development grants and equipment to foster research in particular areas of interest to the corporation [IBM Directions 1990-91]. Other major 1988 contributors to education included Proctor & Gamble at \$19 million, and General Electric and AT&T, each of whom contributed \$18 million [Kuhn 1990]. The largest donations go overwhelmingly to established universities and to cultural and medical institutions. These gifts can bring the giver social status as well as provide an asset that will outlive the donor [Forbes 1989].

In a survey of Fortune 500 and Service 500 firms, 41% of the 305 respondents give less than \$100,000 annually to education, 28% donate from \$100,000 to \$500,000 and 18% contribute \$1 million or more annually. Interestingly, 70% of the top executives are actively involved in their companies' giving efforts [Kuhn 1990].

Corporate giving is not a one-sided altruistic activity; the lean corporation of the nineties often expects more exchange of value in return for its philanthropic activity. Symbiotic relationships are emerging where

education and enterprise both benefit. Many schools have a perpetual problem of maintaining state of the art facilities in the face of rapidly changing technologies, and business has a need to draw on the rich intellectual resources available in a university climate. Schools can benefit by receiving monetary grants or equipment donations from high technology suppliers as well as from the formation of alliances with companies. Students have the opportunity to gain practical knowledge and experience as interns in particular industries they may be interested in. They provide a resource to firms and in exchange receive hands on understanding of actual industrial challenges without having to sacrifice the learning environment of school [Leinfuss 1990].

A SURVEY OF CORPORATE DONORS

In an attempt to better understand the specific products and benefits corporate donors would appreciate in return for contributions, a survey was sent to the current corporate donors whose annual gifts exceeded \$1000 at a small (6000 students) southern California private university.

Table 1
Business Categories of Current Corporate Donors

	Frequency	Percent
Banking & Finance	16	23%
Manufacturing	13	18%
High-Tech	11	16%
Service	11	16%
Construction	7	10%
Retail Trade	5	7%
Wholesale Trade	3	4%
Defense	3	4%
Transportation, Communication & Utilities	2	3%

Note: Total exceeds 100% due to rounding.

A mail survey was fielded during 1990 and, of the 200 surveys distributed, 78 were returned representing a response rate of 39%. Table 1 indicates the categories of businesses responding to the survey.

Reasons for Giving

Respondents were asked to rank order their reasons for giving to the university. The two highest ranked reasons were (1) philanthropy followed closely by (2) the desire for special recognition. For each reason for giving, the percentage of responses for a ranking of one or two is shown in Table 2.

Table 2
Most Important Reasons For Giving

	Ranked 1 or 2
Philanthropy	46%
Recognition for Community Support	44%
Access to Top Students	14%
Tax Benefits	9%
Access to Research Facilities	6%

Many universities accept both restricted and unrestricted funds. Restricted funds are those donated under conditional terms; the donor organization decides for what purpose the funds will be used. Common uses of restricted funds include the construction of new facilities, donations to specific schools, or donations to a specific area of research. Unrestricted funds have no strings attached and may be used in whatever manner deemed necessary by the university. There is concern by university development personnel that corporate donors are asking for a greater percentage of their funds to be for restricted purposes. Almost a third (32%) of the respondents suggested they would prefer to donate restricted funds. There was not a significant relationship between the business category of the corporate donor and a propensity to want to give restricted funds. Table 3 indicates how these respondents who wish to donate restricted funds would like to allocate their monies. By far the most popular choice was being able to determine to which school the funds would be donated.

Table 3
Allocations for Restricted Funds

Specific School (e.g., business school)	75%
Scholarships (identified by company name)	54%
Capital Campaign for New Facilities	29%
Endowed Chairs	18%
Sports Program	11%
Equipment	2%

Corporate Giving As Exchange

Table 4 enumerates the means associated with a bundle of potential products the university could provide as benefits for corporate donors. Respondents were asked to indicate on a five-point Likert scale their interest in a series of product and benefits they might receive in exchange for corporate donations. Five indicated they were very interested in a product and one indicated they were not interested in the product.

The most valuable product the university could offer appears to be the dissemination of pertinent information through the offering of business forums with panels of experts who would discuss issues of interest to local business. An example of this type of product that is currently offered on campus, but independently of the corporate giving program, is a well attended business update breakfast series. This program is a monthly breakfast meeting for middle managers that features university professors lecturing on topics of interest for that group. Attendance at this type of program could be offered as part of a package of benefits to the corporate donor.

Other products of interest were those that most closely cater to perceived business needs such as access to research facilities, student internship programs, special recognition for the firm, and access to top students at recruiting functions. Interestingly, the businesses showed the least interest in faculty working papers, perhaps they are viewed as too theoretical and of little pragmatic value for the firm.

Table 4
Mean Interest in Products or Benefits of Giving

	Mean
Business Forums with Expert Panels	3.0
Access to Research Facilities	2.6
Internship Programs	2.6
Special Recognition	2.5
Access to Top Students at Recruiting Functions	2.5
Access to Meeting Facilities	2.4
Consulting from Professors	2.3
Tickets to Sporting Events	2.3
Access to Undergraduate & MBA Resume Books	2.2
Tickets to University Theater Events	2.2
Faculty Working Papers	2.0

Note: Standard deviations range from 1.2 to 1.4

Principal components analysis with varimax rotation of the products suggested four factors or what might be interpreted as product classes: campus events; facilities and faculty; students; and recognition. The factor loadings are found in Table 5.

Table 5
Factor Scores for Product Classes

	Factor Loading
Factor 1 - Campus Events	
Tickets to University Theater Events	.92
Tickets to Sporting Events	.88
Business Forums with Expert Panels	.65
Factor 2 - Facilities & Faculty	
Faculty Working Papers	.83
Access to Research Facilities	.82
Consulting from Professors	.64
Access to Meeting Facilities	.62
Factor 3 - Students	
Access to Undergraduate & MBA Resume Books	.85
Internship Programs	.83
Access to Top Students at Recruiting Functions	.63
Factor 4 - Recognition	
Special Recognition	.91

CONCLUSIONS

Although philanthropy is cited as the most important reason for giving, firms have a desire to receive products in exchange for their donation. The most desirable products are those that can have a tangible impact on the well being of the firm. Providing recognition is a key element in creating a satisfying relationship with a corporate donor. Additionally, other important benefits that are desired include the use of the university as a resource for information through business forums, special opportunities to recruit students, and, to a lesser extent, the use of university facilities. Developing specific products with the appropriate attributes for corporate donor segments will become an opportunity and a challenge for university development groups as competition for corporate donations continues to increase during the last decade of the century.

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