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The National Fundraising & Development Survey in UK Schools 2014

UNREALISTIC EXPECTATIONS MADE ON DEVELOPMENT TEAMS USUALLY COME FROM THE NEED TO BUILD CAPITAL PROJECTS. ALL OTHER EXPECTATIONS TEND TO BE DRIVEN BY THE ABILITY OF THE TEAM ITSELF

Rhiannon Cutler, Director, Baines Cutler Solutions Ltd

Confidentiality
All individual replies received are confidential. No reference is made in this survey to any individual school nor will any information be provided in this connection if requested.

Further information
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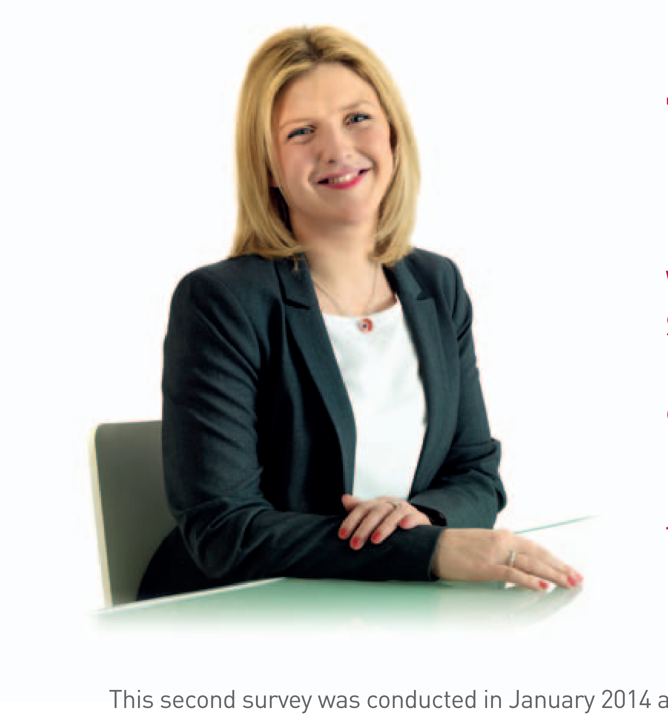


The National Fundraising & Development Survey 2014

Welcome to the National Fundraising and Development Survey 2014, conducted by Baines Cutler Solutions Ltd ("BCS"), the leading schools' benchmarking and consultancy firm, in association with the Institute of Development Professionals in Education (IDPE), the UK's major schools' development membership organisation. This follows our highly successful joint inaugural survey "Building for the Future", which was run in 2012.

This second survey was conducted in January 2014 amongst schools throughout Great Britain. 187 returns were received and covered all types of schools and development office, ranging from large and well-known boarding schools to small day and junior schools, from development start-ups to a few offices which have been open for over 20 years. It is the largest survey of its type ever undertaken and the participation is over 1/3 higher than in 2012. We are grateful to everyone for their participation and to the IDPE in helping to promote the survey to its membership.

Our National Fundraising and Development surveys are conducted in order to provide schools with a tool which can be used to inform strategic decisions in fundraising and development, as well as to help development directors, heads, bursars and governors understand development issues in UK schools better so as to inform realistic mutual expectations, budgets and targets.

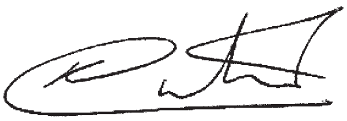
This second survey builds on the principles and key success factors identified in our first survey. In comparison with the other benchmarking work we do we have found that there are many areas which contribute to development success or failure and that some of these key factors are much harder to measure than others. So the realism of financial expectations, the quality of the development database, the visibility of the development office within the school and to prospective donors, the commitment of key stakeholders such as the head and governors, the way in which a team's time is split and the budgets available to development teams are just some of the areas which must be taken into consideration when assessing the success of a development operation. Whilst many governors, heads and bursars are inevitably drawn to concentrating simply on the income generated and the return on their investment this is a far too simplistic way of considering effectiveness as much development work may well bear fruit long after the initial contact is made, whether in a subsequent appeal or even a legacy left to the school. We hope this report will help schools in setting realistic expectations.

One key finding from our first report was that the length of time a development office has been established for closely reflects the issues it will face. So, a development office which is setting up will inevitably face very different challenges and strategic decisions to an office which has been going for many years. For example, a new development office will need to establish realistic budgets and targets and may need to concentrate its resources on its database, research on potential donors and on initial friend-raising. A longer established office may well be more concerned with careful donor targeting for major gifts, telephone campaigns, effective social networking, legacy societies and fundraising for large-scale capital projects. This inevitably means that some areas of this report will be of more interest to start-ups, others to offices in the 2 to 5 year period and others again to well-established offices.

Reflecting on this, we have chosen to structure this report according to the length of establishment of development offices, placing information on each subject area into the establishment section to which it best relates. We accept that there are no hard and fast rules as to what goes where but we hope that this approach will enable readers to turn first to the sections which are most likely to reflect their current position and issues.

If you would like to contribute to the ongoing development of the survey by giving feedback or ideas, or suggesting new areas to look at, please contact Rhiannon Cutler on rcutler@bcsconsultants.co.uk

Thank you for your support



Rhiannon Cutler
Director
Baines Cutler Solutions Ltd
May 2014

THIS SECOND SURVEY BUILDS ON THE PRINCIPLES AND KEY SUCCESS FACTORS IDENTIFIED IN OUR FIRST SURVEY

Rhiannon Cutler, Director, Baines Cutler Solutions Ltd

About Baines Cutler Solutions (BCS)

Baines Cutler Solutions provides schools with information and solutions. We are a consultancy business specialising in carrying out surveys, consultancy and advisory work for independent schools and academies. More details about our firm can be found at the back of this report.

Rhiannon Cutler

Rhiannon graduated with an honours degree in Marketing, Communications and Psychology in 2008 and joined Crowe Clark Whitehill to work in marketing and business development. During that time she supported Tim Baines' schools' initiatives and helped Tim develop the pilot study of Teacher Salaries which was carried out in 2009.

In 2010/11 she moved to Cheltenham to work with Tim to research and conduct the sector's first detailed Teacher Salary and Benefits Survey. This was repeated in 2014 and extended to junior schools. In 2012 she conducted the first wide-ranging survey of Fundraising and Development in UK schools and was the survey's lead author. The survey was repeated in 2014 and is being launched in May 2014. She now advises schools on teacher pay systems, appraisals and thresholds and on fundraising.

In 2012 Rhiannon became a Certificate Member of the Institute of Risk Management and she advises schools on their risk management processes. She set up Baines Cutler Solutions with Tim in June 2013.

Tim Baines

Tim has been the leading schools' audit partner in the UK over the last 10 years and has acted for schools of all sizes and types, including many of the UK's very top schools.

Tim graduated in economics and accounting from Bristol University and joined Coopers & Lybrand (now PwC) in 1980. He won a top prize in his part 1 institute exams and in 1992 became C&L's youngest UK partner. Tim moved to Crowe Clark Whitehill in 2001 in order to work full-time with schools and charities. He set up Baines Cutler Solutions Ltd in June 2013.

Tim started the Independent Schools' Financial Benchmarking Survey in 1995 in response to requests from the bursar community for better comparative information. This survey is now in its 18th year, is the official survey for the sector supported by ISC, AGBIS, ISBA, IAPS, HMC, GSA and ISA and participants represent over 2/3 of all pupils at ISC schools. The survey was used by ISC during its evidence to the Judicial Review challenging the Charity Commission's view of public benefit.

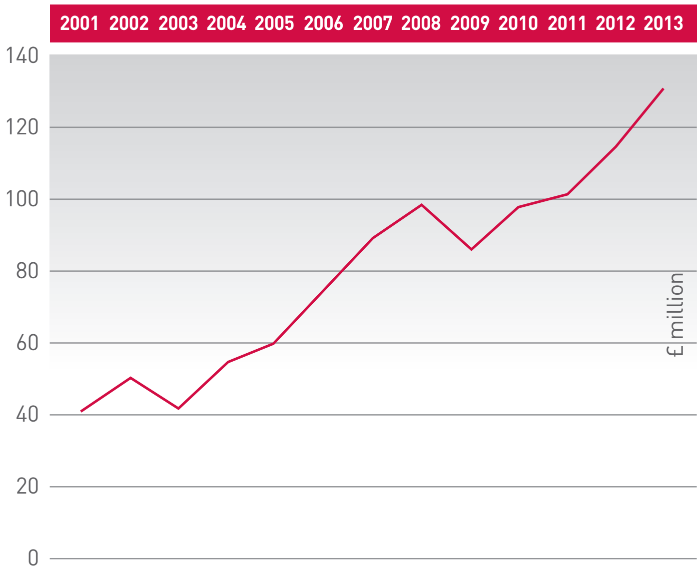
In 2010/11 Tim worked with Rhiannon Cutler to research and then conduct the sector's first detailed Teacher Salary and Benefits Survey. This was repeated in 2014 and extended to junior schools. In 2012 he supported Rhiannon in conducting the first wide-ranging survey of Fundraising and Development in UK schools, in association with the IDPE. In September 2013 BCS carried out a Head Teacher Activity and Time Survey in conjunction with HMC. Tim is a well-known speaker and commentator on sector issues.

Putting development into the wider schools' context- data from the National Independent Schools' Financial Survey

With the pressure on to limit fee increases, schools are increasingly looking to fundraising to generate the income they need to continue their development. Our Independent Schools' Financial Benchmarking Survey, now in its 18th year, has tracked this trend and allows us to put the results from our Fundraising and Development Survey into both a long-term context and also that of a survey which virtually every school with a development department has contributed to for many years.

The graph below shows the growth of fundraising since 2001 and as can be seen around £130m is now being raised annually by the sector. Putting this in the context of schools' other income total fundraising receipts (before costs) now equate to 2.5% (2012: 2.6%) of total sector net fee income of around £5.2bn.

The growth of fundraising in UK schools over the last 13 years



As can be seen, other than in the early years of the recession in 2008/2009, fundraising receipts by UK schools have grown every year for the last decade and the 2013 income level is now three times that of 10 years ago. Although school fees have gone up a lot they have "only" increased by 50% in the same period – showing just how key fundraising is becoming.

It might be questioned if this growth solely reflects exceptional fundraising by a few schools but this is not the case. In 2013 the number of schools raising more than £1m decreased slightly from 27 to 23. However the number of schools raising more than £200,000 (but less than £1m) increased significantly to 77, up from 63 last year. 44 schools raised more than 5% of their net fee income (up from 41 in 2012) and 88 raised more than 2.5% of net fee income (up from 75 in 2012). Four schools raised more than £5m (2012: 2 schools). All of this demonstrates that fundraising activity and success is growing in the UK.

Report content

Introduction to the survey

Participation

We received 187 returns for this year's survey, compared with 139 returns received in our inaugural survey in 2012. The returns included 88 from day schools (with less than 10% boarding), 77 from day/boarding schools (with between 10% and 75% boarding) and 22 from boarding schools (over 75% boarding).

173 schools were independent and 14 were maintained schools. 4 were junior-only schools, 59 were senior-only schools and 124 were all-age. We asked for data from the 2011/12 and 2012/13 academic years. For ease of reference they are referred to respectively as "2012" and "2013".

The table below compares the participants in our 2014 and 2012 surveys based on how long their development departments have been established for.

The table below shows a substantial growth in participation as a whole, with 35% more schools taking part in this year's survey than in 2012. This is very encouraging as it means that the key areas examined in this year's report are covering development issues even more widely than before.

Table Participants by date of establishment

TYPE OF SCHOOL	2014 PARTICIPANTS		2012 PARTICIPANTS	
DATE OF ESTABLISHMENT	NUMBER	%	NUMBER	%
Less than 2 years ago	39	21	26	19
2 to 5 years ago	43	23	24	17
5 to 10 years ago	41	22	50	36
More than 10 years ago	64	34	39	28
Total	**187**	**100**	**139**	**100**

Who are Senior Development Professionals and who do they report to?

Of the 187 senior development professionals in the 2014 survey, 75% are female and the majority are over 41 years of age. A typical senior development professional has been at their school for 3 ½ years and the average experience in development among our participants is 7 years. These figures are virtually identical to our last survey. We do however note that the average length of time a senior development professional has been in post remains fairly short compared with the length of time that other senior staff members in a school have typically been in post, for example a head teacher, a bursar or an HR director. With the nurturing of relationships with prospective donors being such a key issue for development offices, it is clearly a very sensitive role to hand over – maybe more so than with many other appointments.

It is therefore slightly concerning that the average time in post for senior development professionals is so short, as inevitably it will take time for any new professional in their role to "get their feet under the table" and take over the cultivation of relationships with prospects. The role of a senior development professional can also be, particularly in schools with much smaller teams, a rather isolated one, and often the previous development professional would be the only person who is truly aware of the stage of cultivation they are at with prospective donors, making a replacement professional's job much more difficult. Part of the aim of this report is to help governors and development professionals set realistic targets at the start and so maybe help reduce development staff turnover in later years.

Of the participants in this year's survey, around three quarters of senior development professionals have the Head Teacher as their line manager. The line managers of the remaining 25% are predominantly bursars. What is interesting to note is that of the 30% of senior development professionals working in development offices established for more than 10 years who do not have the Head as their line manager, the vast majority report to the chairman of the governing body. This suggests that as an office becomes more established, development is seen as so integral to the success of the school that it warrants a direct reporting line to the chairman.

Offices established in the last 2 years

As set out on our Welcome Page the sections under this heading aim to consider the key issues facing development departments in their first two years. We first consider the challenge for the Board of Governors as to how much it is willing to invest in making development a success and we then look at the role and place of work of the senior development professional. We look at how expectations are set and whether they are realistic and we look at the issue of the relationship with the alumni society.

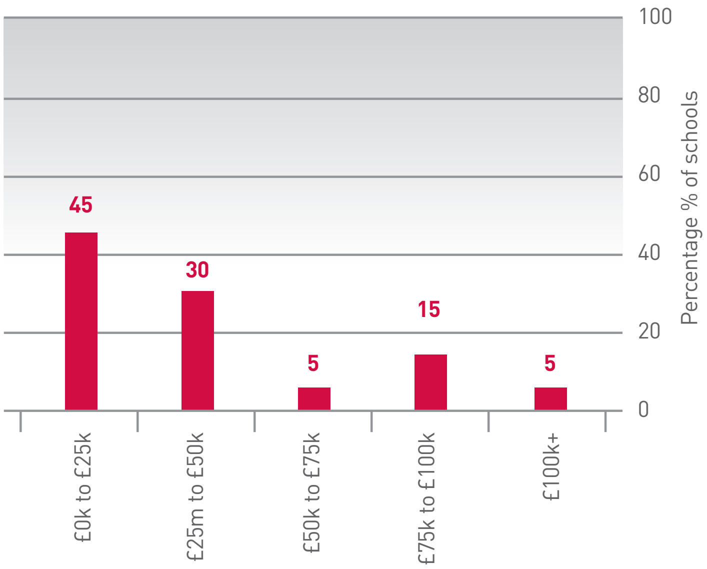
We then look at the key issue of the development database and at setting development plans. Finally we look at appraising senior development professionals.

How much of an investment are you prepared to make?

The biggest questions facing schools wishing to set up a development operation are always "how much is deemed safe to invest in this and when will we get a return?" These are questions we are faced with all the time when meeting a start-up school. Clearly there is never a way of knowing how successful a development office is going to be in practice when a school sets up a development operation and so in many cases schools are reluctant to invest too heavily, lest attempts to fundraise result in costly failure. However, the question arises as to whether such caution is over-done and actually works against success. This section examines the costs of setting up development offices.

Below is a table which portrays the amounts spent by participant development offices in their first 2 years, with our observations on the data shown beneath.

How much do development offices spend per annum in their first two years?



The graph below shows that almost half of new offices spent less than £25,000 per annum in 'getting the ball rolling' and a further third spent between £25,000 and £50,000. This suggests that the average level of investment is quite low and cannot include much beyond a single member of staff and some additional office costs. There are however a handful of development offices in which larger investments are made, with a fifth of schools making investments of between £50,000 and £100,000 and a further 5% of schools making an investment of over £100,000. These schools are clearly taking a 'leap of faith' maybe through the appointment of a development director and/or an investment into a larger team to "ensure" the success of fundraising activities. The million pound question inevitably arises: which level of investment is the clever one?

When we look at the return on investment ("ROI") for schools which invested more than £50,000 per annum in their first two years this stands at between -0.6% and -0.9%, representing a loss in each of the first 2 years. To explore this issue a little further we then looked at similar schools which had spent over £50,000 p.a. in our 2012 survey and tracked their progress into the third and fourth year. When we did so this group of offices were on average still making losses with an average ROI of -0.2%, with the exception of a few which had moved to significant profits (ROI's of between 1 and 3).

MOST GOVERNORS ACCEPT THAT THERE WILL BE LOSSES IN EARLY YEARS AND THE MORE IMPORTANT ISSUE IS LONGER-TERM SUCCESS

Turning then to offices which spent up to £50,000 per annum in their first two years these made a small positive return – but mainly because they invested very little and received very little! Looking at those offices which had invested £50,000 or less per annum back in 2012, we found that a number of them had closed down completely, presumably having been deemed as failing in their third or fourth years. Of those which were still open, some were making a small positive ROI and others a small negative ROI. Overall this more cautious group were achieving less very poor returns on investment but also less very good ones. This supports the view that there is no single clear-cut approach which "guarantees" success. We do however refer our readers to the "team structures" area in Section 2 when this issue is considered again.

Looking solely at the ROI's in the first two years the information above could suggest that schools should be conducting research and populating their development databases in that time and only then employing a member of staff on a director level and investing into larger teams, as of course without information on prospective donors, the skills of a development director might not be put to their best use. However most governors accept that there will be losses in early years and the more important issue is surely longer-term success. The areas of realistic expectations, staff turnover and average returns on investment as offices develop are considered later in this report.

It is then interesting to seek to establish the extent to which development is growing and the best way to see this is by looking at whether investments into development have increased over the past two years. When we look at those offices which were in their first 2 years of establishment in 2012 and compare those to investments being made into the same offices this year (now in their third and fourth years), 60% are actually spending less this year than they were when their offices were first being set up. The average spend across this group of offices appears to be 5% less this year than it was in our last survey and all but two schools which had costs of more than £50,000 per annum in 2012 are now spending less than £50,000. However, those schools which were spending less than £50,000 in their first 2 years of establishment are now spending more! This reflects the point we make later in this report that early development teams tend to adopt one of two different approaches – spend more early then consolidate or spend less and then aim to grow. This area is analysed further later in this report.

The importance of the senior development professional within the school

The seniority of a development professional in the structure of a school could be considered a reasonable indicator of the seriousness with which development in that school is taken. This is therefore a key area for schools to get right up-front and we consider the issues involved here.

The seniority of a development professional within a school might be ascertained in a number of different ways, such as whether or not they are part of the senior management team ("SMT"), the understanding key stakeholders within the school have of development, the location of the development office in terms of being visible and seen as a valued part of the school and the ability of development professionals to accommodate prospective donors in their offices in comfort. We explore each of these areas in turn in this section. We explore development appraisal later in Section 1 and job titles, roles levels, team size and salaries in Section 2.

Are senior development professionals on the senior management team?

The table below looks at the percentage of senior development professionals who were members of their senior management teams in 2012 and 2014, split by date of office establishment.

The data in the table above suggests that the number of senior development professionals who are part of the senior management team has increased slightly in offices which have been established for less than 2 years. This is a positive message, as it suggests that as development offices are being set up, an increasing number of senior development professionals are being afforded a position on the SMT.

Whether Senior Development Professionals are on the SMT

DATE OF ESTABLISHMENT	2014 ON SMT	2012 ON SMT
0-2 years ago	33%	31%
2-5 years ago	16%	25%
5-10 years ago	45%	38%
More than 10 years ago	47%	47%

We cover the job titles and pay in a later section but this data suggests that even if a person's authority is not reflected in their job title or pay, there is a growing recognition in start-up offices of the importance of the development professional's role if the development office is to be successful.

There has however been a significant dip in the numbers since 2012 for professionals working in offices established for between 2 and 5 years. This is stranger still in that of those who are not on the SMT, over half have been employed on a director level! Clearly, if a development professional has good access to the senior management team, the fact that they are not a member is of less concern, as presumably their access to senior management reflects the support given to them. However, for any senior professionals who are not on the senior management team and feel that their access to it is restricted, we encourage them to raise the matter as the evidence suggests that without the support of the senior management team or the ability to discuss with them challenges being faced or progress being made, the potential to achieve fundraising success will also be restricted. This "gap" also allows unrealistic expectations to develop. The fact that offices which have been established for between 2 and 5 years are the group of which the smallest proportion are on the SMT is a concerning message, as it is this group who this report suggests are most "in the headlights". By this we mean that this is the phase which sees most offices evolve from a 'friend-raising' position to a fundraising one and therefore come under serious review for the first time.

After 5 years, the information suggests that it becomes more usual for senior development professionals to have membership of the SMT. This is of no surprise as, clearly, once offices have reached this level of establishment, development is usually being respected more as a genuine source of school income and one which needs to be supported more widely.

HEAD TEACHERS HAVE PUT MORE EFFORT INTO UNDERSTANDING THE ROLE OVER THE LAST 2 YEARS

How well do key stakeholders understand development?

Clearly the better understanding a senior development professional has by a school's stakeholders, the more supported the professional will feel in making strategic decisions and the more easily the culture of development can be embedded into the life of that school. For this purpose we view school stakeholders as being the head teacher, the governors, the bursar, teaching staff, parents and finally pupils. Of these we view the understanding of the head, governors and bursar as key.

We asked participants to rate the commitment to development given by their head teacher to gauge how well understood (or not) development professionals felt they were by the person by who in most cases is their line manager. We asked for a score from 1 to 5, with 1 representing no understanding and 5 representing a full understanding of development. We then looked at how this varied depending on how long the development office had been established for. Those professionals working in offices established for up to ten years gave a higher average rating for the head's commitment to development than was given in our last survey (3.7 compared to 3.0), suggesting that head teachers have put more effort into understanding the role over the last 2 years. Those working in offices which have been established for more than 10 years gave a lower rating than their colleagues in younger offices.

It may be that once offices have reached this level of establishment, the head teacher feels that the team now "has their ducks very much in order" for fundraising and therefore need less of the head's time and commitment in driving things forward. Even if this is the case our experience suggests that the head's commitment to development never ceases to contribute to its success and that actually some of the most established, prestigious and successful development offices in the country continue to have not only the deep commitment of their head teachers but in some cases the head actually leading development by making the key asks (often alongside the chairman of governors or senior development professional) and attending all the key fundraising events. Clearly not all heads are comfortable doing this but when it works the results can be superb!

We then asked participants to rate the understanding other stakeholders had of development, The average rating given by professionals for the chair of governors was 3.4 out of 5 and the score given for the governing body as a whole was 2.8. This suggests that in general terms, development professionals feel understood by the chair of governors and this may be as a result of access to the chair through the head teacher. Access to the governing body will inevitably be more restricted as they meet less often, so the lesser score given to the understanding of the governing body as a whole is unsurprising. The average score of understanding given for the bursar was 3.6, which is a healthy score but one which may reflect the line management of development held by a number of bursars.

The average score given for teaching staff was 2, for parents was 2.3 and for pupils was 1.6. As these groups are not usually directly involved in school development, the scores given here are not surprising. However, these scores do suggest that a culture of development is not always as firmly embedded in the wider school environment as it could be. Clearly, with an embedding of a culture comes natural promotion of its vision and we would therefore suggest that the more widely spread the message of development can be in a school, the more its position and subsequent success can be helped. The higher score given to the understanding of parents than that given in relation to teachers and pupils could easily reflect the cultivation of relationships with parents by development offices through events and development marketing material.

Where are development offices located within a school?

When asked how development professionals rated the location of the development office in terms of being clearly visible and influential within the school, the average score given among the 187 participants was 2.6. This figure seems to us quite low, suggesting that development professionals may feel that they are either not that visible or that their influence within their school can at times be limited. When asked to rate the location of the development office in terms of appearing to be a valued part of the school to potential donors, the average score was marked slightly higher at 2.8. This data still suggests that the location of many development offices could be improved upon.

Is the development office suitable for accommodating prospective donors?

The table below shows the rating given by senior development professionals in 2012 and in this year's survey for their offices' ability to accommodate prospective donors in comfort. We asked our participants to rate their office in terms of being able to comfortably accommodate potential donors between 1 and 5, with 1 representing an inability to accommodate prospects and 5 representing a perfect space for accommodating them.

Of the 187 development professionals who took part in the survey, a mere 30 rated their office as a 5, meaning only 16% of participants thought that their office was a perfect space in which to accommodate prospective donors. Two thirds of these work in offices which have been established for more than ten years. A very high 38% of our participants deemed their office as unable to accommodate prospective donors and well over half of these (64%) worked in offices which have been established for less than five years.

Rating (out of 5) of development offices' ability to accommodate potential donors well

DATE OF ESTABLISHMENT	2014	2012
Less than 2 years ago	2.5	2.6
2 to 5 years ago	2.2	2.3
5 to 10 years ago	3	2.8
More than 10 years ago	3.2	3.1

We understand that in these younger offices, meetings with prospective donors may be less common than in more established offices but a meeting with any prospective donor to discuss a possible donation is often the final step in the journey before a donation is made and in many cases is the time at which the donor will make their pledge. It is a great concern therefore that professionals in younger offices who are having meetings of this nature feel that in the majority of cases, the space in which this step takes place is, in their view, unable to accommodate a prospective donor comfortably! This of course applies just as much to the first and subsequent meetings held with prospective donors which take place in a "friend raising" capacity. Whereas, in the corporate world, the cultivation of relationships with clients can take place through meetings held almost anywhere, for development professionals in schools these meetings would usually be held at the school, as this is the environment a prospective donor will be giving to.

The difficulty with which senior development professionals are able to accommodate prospective donors is put into context when we look at the percentage of professionals who work in a separate office from their team, as this would presumably be used to hold meetings with prospective donors. 75 of our 187 participants reported that they worked in a separate office to their team. Only a third of development professionals working in offices established for less than 5 years' work in a separate office and this number grows only slightly to just under half of senior professionals who work in a separate office from their team in offices established for more than 5 years.

We urge those development professionals who do not feel that they are able to host meetings with prospective donors in a suitable location to seek support to change this and we encourage schools' senior managements to oblige. Obtaining donations is hard enough without the senior development professional feeling uncomfortable! Finding a location which is suitable both in terms of the comfort felt by the donor and the comfort felt by the professional who has the job of holding the meeting is surely both rather fundamental and quite easily remedied!

Are initial expectations being set realistically?

The targets set for fundraising initiatives are a good way of looking at expectations. We cover the financial expectations placed on development teams for different types of fundraising initiative in a later section, but in this section we look at targets in a slightly different way.

As this area of the report looks at the role of the senior development professional, the importance with which development is viewed within schools and expectations for fundraising which are set by school management, it is interesting to look at how targets set connect to and vary with the experience of that school's senior development professional. We look below at targets set for capital campaigns, bursary appeals and annual funds and put these into the context of senior development professionals' experience in development.

Setting realistic capital targets in the first few years

Looking at the financial targets set for senior development professionals with more than 2 years of experience in development, an average of 45% of the total cost of capital projects is set as a target for fundraising, with the total cost of such projects ranging from £3.5m and £5m on average. When we then look at the targets set for senior development professionals with less than 2 years of development experience, the expectation upon them is alarming! Senior development professionals with less than 2 years of development experience are, on average, expected to raise a massive 56% of their capital projects which have an average total cost of £7m. The data also suggests that this target is set with the expectation of being reached within an average of 2 years. This is clearly an unrealistic expectation from school management and one that can only be met if there are contacts out there who have practically made a large pledge to the school already.

There are a number of schools which have appointed a development director or equivalent role at the same time as they have set up a development office and this has clearly been done with the view that appointing a person on a director level and with experience in development will better "ensure" fundraising success. This view is reinforced through the targets then set by school management for experienced development professionals. Those schools which have just set up a development office and have hired a development director with more than 5 years of experience expect 75% of the cost of capital projects to be fundraised, with the total cost of projects averaging out at £5m. Clearly, unless there are already strong relationships between the school and prospective major donors, this is an unrealistic expectation. With any new development office comes the need to conduct research on prospective donors and build up the database, so that the cultivation of relationships can take place.

Without this, raising money for any type of project will inevitably take longer. If the database has not already been populated, it also seems a waste of the school's money and the development professional's skills to expect the new recruit to build up the database themselves. It makes far more sense for the research for and population of the database to be done either before the experienced professional arrives at the school or under their supervision, so that the experience brought to the office can be used to inform the way in which the data is used and the way a development strategy/plan might look. To put this into context, senior development professionals with the same amount of experience who are working in offices established for more than 5 years are set lower targets for capital campaigns, with an average of 50% of a £5m project expected to be fundraised. This target is 25% lower than that set for experienced development professionals in start-up offices!

SOME EXPECTATIONS ARE THEREFORE NOT ONLY UNREALISTIC BUT DANGEROUS, AS THEY COULD CONTRIBUTE TO THE HIGH AND COUNTER-PRODUCTIVE STAFF TURNOVER WHICH WE ARE ALREADY SEEING TOO OFTEN

When we look at the targets set for development professionals with no development experience in offices established for less than 2 years, our hearts really do go out! The average expectation from this group is to raise 50% of a capital project with a total average cost of £2m within 2 years. This of course means that on average the professional is expected to raise £1m in the office's third year of establishment and £1m in its fourth year. Of course anything is possible, particularly if there are major donors hovering on the horizon which could contribute largely to targets set. However, the bleaker and unfortunately more common picture simply does not offer such a horizon of donors for this group. On average, offices which have been established for between 2 and 5 years are achieving an average ROI of 1.8 excluding income from legacies and trusts and an ROI of 3.0 if they include them.

A return on investment of 1.8 translates to around £360,000 over 2 years. This represents only a little over a third of the £1m target being set for inexperienced development professionals in their first or second year of office establishment. Being unable to reach such a target would of course be deemed as a failure by senior management, when in fact fundraising a third of the target set here would fall completely in line with the achievements of offices which are in the 2-5 year phase. These expectations are therefore not only unrealistic but dangerous, as they could contribute to the high and counter-productive staff turnover which we are already seeing too often.

Setting realistic bursary targets in the first few years

When we look at the financial expectations which are placed on senior development professionals for bursary appeals, the average target set for those with less than 2 year' experience, between 2 and 5 years' experience and between 5 and 10 years' experience in development is very similar, sitting at around £190,000 per annum. Interestingly this target rises by 75% to £330,000 per annum for senior development professionals with more than 10 years of development experience, regardless of the type of school or establishment of office they are working in. This strongly suggests that the most experienced development professionals feel comfortable raising significant funds for bursary appeals. The figure portrays such a comfort that we would not be surprised if these professionals are setting the targets themselves!

Setting realistic annual fund targets in the first few years

Looking at the targets set for annual funds, senior development professionals with less than 2 years of experience in development are set an average of £90,000 and for those with between 2 and 5 years' of experience, the average target set is £80,000. Targets for annual funds rise to £140,000 for development professionals with between 5 and 10 years' experience and then drop back to an average of £80,000 for those with more than 10 years of experience in development. This suggests that this type of initiative is generally taken on with the most enthusiasm by the moderately experienced development professionals. The drop in the target level set for those with more than 10 years of development experience suggests that the highly experienced professionals continue to run an annual fund and generate a healthy income, but that perhaps their focus is driven more towards larger scale initiatives, such as a major bursary appeal or a capital project.

Getting the relationship with the alumni association right

Of the schools which took part in this year's survey, 93% have alumni associations and they are virtually all run as separate organisations from their school. When we look at the way development offices rated the relationship between the development office and their alumni association, the average score across all development offices was 4.1 out of 5, representing a very good relationship between the two organisations.

This rating remains the same when we look at average scores given by professionals in day, day boarding and boarding schools and within offices which have been established for more than 2 years. However, when we look at how this relationship is viewed by offices which have been open for less than 2 years, this score drops to 3 out of 5, suggesting that it takes time for development offices and their alumni associations to build a comfortable relationship with a mutual understanding of how the two are or are not to work together.

When asked to rate the understanding alumni associations have of development in their schools, the average score given out of 5 was 2.8, representing only a moderate understanding of the role development plays in the school. When we look at the score given by professionals in offices established for more than 5 years, this score rises slightly to 2.9, but for those in offices established for less than 5 years it drops to 2.5. This suggests that although the more established offices feel that there is a stronger understanding of development from their alumni associations than is felt by their colleagues in younger offices, all professionals view their alumni associations as having an average understanding of development at best. As most alumni associations for schools which participated in this survey are run as separate organisations to the school, this is of no real surprise.

68% of our participants are represented on their alumni association committees and therefore have good access to their alumni associations. Of these, half are working in offices which have been established for more than 5 years and half are from offices which are less than 5 years old. One might expect the number of development professionals represented on alumni association committees to increase as offices become more established, but this does not appear to be the case.

The relationship between a school and its alumni society is certainly a curious one. Of those schools which said that the alumni society was a separate organisation and located nearby, 59% reported that the development office organised three quarters of the alumni events or more, with 65% of these saying that they organised all of them. Since in these cases the alumni society is reported as being a separate organisation and is certainly not the same thing or has the same objectives as the development office, this muddying of the waters, despite the undoubted practical advantages, does not look to be doing UK development any favours. In our experience, the causes of the disruptions which are often found to the relationship between schools and their alumni associations have stemmed either from a refusal by the alumni association to share data on alumni with development offices, or from a reaction by the alumni association to the way in which data has been used by development offices.

In the mildest of cases this disruption has resulted in the two organisations drawing up a memorandum of understanding for the way in which both organisations use and have access to data. In the worst cases the two organisations have involved both "sides" hiring separate lawyers to resolve relationship disputes! We did not ask in this year's survey whether or not development offices and their alumni associations share data on former pupils. However, we feel that this is an important area as the sharing of information is likely to contribute to the quality of the development database which will inevitably help with the speed and efficiency of friend and fundraising, so we will be asking this question in future.

The importance of high-quality data on the development database

In order for development offices to cultivate strong relationships with prospective donors through the organisation of 'friend-raising' events, social networking and communication through direct mail, it is imperative that enough information is held on the database and that it is of high enough quality to establish links with potential donors. This section looks at the data held on development databases within offices of different ages of establishment.

In our 2012 Survey, we asked for the total number of contacts on development databases and for a split of these total numbers into groups of prospective donors, such as former pupils, current parents, former parents and so on. However, the total number of contacts on a database is not always a true reflection of its quality, as there will inevitably be more information on some contacts than others and in reality there will be a number of contacts for whom no information is held at all. With this in mind, we have analysed data this year for contactable contacts only, as it is information held on contactable contacts which truly reflects the quality of databases. Across schools of all ages of establishment, the percentage of contactable contacts was 70%. The table below shows the average percentages of contactable contacts split into groups of prospective donors, across different types of school. The final column in the table then looks at the total number of contacts held on the database for offices of different establishment expressed as a "contacts to pupil numbers multiple" so allowing comparability for schools of different sizes.

Looking at the table below, the data suggests that the number of contactable contacts on development databases increases as offices become more established and this is to be expected. Clearly the longer a development office has been established, the more research on contacts will have been conducted and the more information on those contacts is obtained, so it is of no surprise that the number of contactable contacts on the databases of offices established for more than 10 years is double the average number held by start-up offices.

Looking at the type of contactable contacts on development database, around three quarters of totals on all databases are alumni, with the remaining quarter consisting either of current or former parents. These figures barely change at all as offices become more established.

Hobbies and professions

One would expect that the more information held about a contact, such as their current professions, achievements as pupils and interests, the more personal approaches to prospective donors can be made in gauging their interest and forming a connection. More detailed information on contacts also allows events organised to link well with their interests, thus making them potentially more successful than, say, a blanket invitation to the entire database. However, the percentage of contacts held on databases for which there is information of this nature, such as the hobbies and professions of contacts, are lower than might be expected.

When we look at the data, around a quarter of contacts held on the databases have information on professions, an average of 15% have information on hobbies and around 18% of contacts on databases have information held for both professions and hobbies. These percentages remain broadly the same as offices become more established, which is surprising. This suggests that contacts on databases are often invited to events in a more 'blanketed' way or are invited to events which link with other factors, such as the years during which they were pupils at their school.

School role years' worth of contacts on development databases by establishment

	ALUMNI & CURRENT PARENTS %	ALUMNI & FORMER PARENTS %	ALUMNI %	CURRENT & FORMER PARENTS %	OTHER %	PUPIL ROLL YEARS
0 to 2	1	1	75	22	1	6.0
2 to 5	1	1	75	21	2	7.8
5 to 10	0	1	72	25	2	10.7
Over 10	0	2	71	22	5	12.6
Average	1	1	73	23	2	

Finding what you're looking for

The ease with which development professionals are able to find and use information on their databases will of course have an effect on the speed and efficiency with which they will be able to form connections and cultivate relationships with prospective donors. We therefore asked participants to rate from 1 to 5 both the ease with which they are able to use their databases to monitor relationships and then to filter information on contacts to provide invite lists for events etc. with 1 representing extreme difficulty and 5 representing great ease.

Looking across all participants to this year's survey, the average rating given to the ease with which relationships could be monitored using the database was 2.9 and the ease with which information could be filtered was rated as 2.8. On a scale of 1 to 5, this represents a less than adequate ability to form and manage relationships using development databases, particularly as the speed and efficiency with which relationships can be formed relies heavily on the database being used effectively and with ease.

Offices which have been established for less than 2 years gave a score of 2.2 for the ease with which relationships could be monitored with the database and 2.0 to the ability to filter information. These scores rose to 2.5 and 2.4 respectively for offices established for between 2 and 5 years and to over 3 for offices established for more than 5 years. This suggests that it takes an average of 2 years for offices to get to grips with the way their databases should best be used and 5 years to feel it's working well for them. Although this is unsurprising, this information reflects just how long it takes for development teams to build up a database of reliable information which can be used effectively for the cultivation of relationships with prospective donors through direct mail or events and supports our timescale theory (see the team-time model later in this report) that realistically it takes between 3 and 5 years for a development team to begin to see a return on their time and financial investment.

Interestingly experienced development directors who have joined the most established offices in the last year only rated the ability to monitor relationships and filter information on contacts using their development database at 2.6. This suggests that databases are rather personal things and can be used rather differently by different development professionals/teams. The data suggests that it takes an average of 2 years for even the most experienced senior development professionals to feel wholly comfortable with the database in a new office if it is different to the one they are used to. After this 2 year period, scores given for the monitoring of relationships and filtering of information with the use of the database rise back to around 3 out of 5.

IT TAKES AN AVERAGE OF 2 YEARS FOR EVEN THE MOST EXPERIENCED SENIOR DEVELOPMENT PROFESSIONALS TO FEEL WHOLLY COMFORTABLE WITH THE DATABASE IN A NEW OFFICE IF IT IS DIFFERENT TO THE ONE THEY ARE USED TO

Social networking

An increasing number of development offices are using social networking sites as a tool with which to re-connect with prospective donors, particularly former pupils. A number of development offices have large gaps in information held for former pupils, normally due to changes of address and e-mail which have meant that the school has lost touch. Social networking sites such as LinkedIn or Facebook not only offer a route through which development offices are able to find and reconnect with lost alumni, but these sites also offer information about alumns, such as their date of birth, occupations and in some cases interests, which will inevitably aid any development team in reconnecting with them in a personal way, such as through acknowledgement of former pupils' professions or the years in which they were pupils at the school.

It is therefore interesting to look at the extent to which these sites are being used by development offices and the benefits reaped from using them, to put the quality of information held on the database into a wider context. We asked participants to report whether or not they used social networking sites in order to connect with prospective donors, namely LinkedIn, Facebook and Twitter. Of the 187 development offices which took part in this year's survey, 73% use LinkedIn, 72% use Facebook and 53% use Twitter as tools with which to find and connect with prospective donors, particularly former pupils. These percentages have changed very little when we compare them to those from our 2012 survey, with the exception of Twitter which was used by only 33% of participants in the last survey and is now used by over half.

When asked whether social networking sites had contributed to information held on the database for prospective donors, answers given clearly demonstrated that websites of this nature are very valuable research tools indeed, with the average development office having connected with or obtained better information for an average of 150 contacts on each of Facebook, LinkedIn and Twitter.

The importance of a development plan

With schools investing an increasing amount of money into development year on year, it is important to look at the way in which development offices are trying to ensure fundraising success. A good way of ascertaining this is by looking at the number of school development offices which have a development plan in place and the extent to which plans cover future objectives.

Development plans offer a structure to these objectives and have the ability to help in managing the expectations of senior management and of development teams themselves with regard to what is realistically achievable. It is therefore interesting to explore the extent to which development teams find development plans useful.

The table below shows the percentage of development teams that have a development plan in place and the average length of time which is covered by development plans, split by office establishment.

The data shows, quite predictably, that the more established a development team becomes, the more likely and necessary it appears to be for schools to have a development plan in place. The data also suggests that as development becomes more established and successful, the vision of development teams widen and aspirations become subsequently larger and longer term. This is reflected in the average length of time covered by development plans in development teams of different lengths of establishments. The development plans in place within teams which have been established for up to five years cover an average of three years, but this figure rises to an average of five years for teams which have been established for more than five years.

Use of development plans

DATE OF ESTABLISHMENT	DEVELOPMENT OFFICES WITH A DEVELOPMENT PLAN	AVERAGE LENGTH OF TIME COVERED BY DEVELOPMENT PLAN (YEARS)
Less than 2 years	43%	3
2 to 5 years	62%	3.5
5 to 10 years	70%	5
More than 10 years	81%	5

Development plans will inevitably cover a number of appeals or initiatives which a school deems to be of need to the school and of interest to its prospective donors. When we look at the data, all offices which have been established for more than five years and which have a development plan are fundraising for at least one fundraising initiative or appeal. However, offices which have a development plan and have been established for less than 5 years are not necessarily raising for an appeal or fundraising initiative. This suggests that development plans in the younger offices differ in content to those in offices which have been established for a longer time, with the younger offices planning for future initiatives and putting in a strategy to build up the database and 'friend-raise', whilst the older offices are basing their development plans on the success of past relationship cultivation, events and subsequent appeals and initiatives, looking at larger initiatives which cover a longer future time period.

Fundraising Board

40%of the schools which took part in this year's survey have a fundraising board in place and of these around half put in place separate fundraising committees for major appeals or campaigns. Of the remaining 60% of participating schools which do not have fundraising boards in place, one third still put in place separate fundraising committees for major appeals or campaigns. This suggests that whether or not schools have fundraising boards, around 40% feel that having a separate committee in place for specific initiatives is a helpful tool in achieving fundraising success. However, this means that 43% of participating schools have no special governor or outside board help with initiatives whatsoever and, although a quarter of these are in their first 2 years of establishment so not having a separate board is of no surprise, the remaining three quarters of offices who have no help outside of their teams have been established for more than 2 years. It might be that these particular offices are 'missing a trick' in terms of having key stakeholders more directly involved, as the involvement of governors in fundraising initiatives may not only help their understanding of development as a whole and in supporting the senior development professional, but in doing so may help with the success of the team.

How and on what are development professionals appraised?

In any business in any sector, there are expectations set by management for the level of success they wish to see achieved and the development area within schools is no exception. However, each school and each school's management is different and so each development office is likely to differ in terms of what is expected of it.

Expectations will also vary depending on how long an office has been established for. One of the best ways of looking at expectations is by looking at whether senior development professionals are appraised and if so, how often they are appraised and in which areas of activity. In order to ascertain the extent to which expectations set for development professionals are realistic and opportunities to discuss progress are available, we look in this area at the frequency of appraisal meetings, the access professionals feel they have to line management and the areas and ways in which development professionals are appraised.

Appraisal regularity

The table below shows the frequency with which senior development professionals are appraised, the extent to which professionals appraise themselves as part of the appraisal process and the areas in which senior development professionals are measured, analysed by the length of time the development office has been open.

Looking at the data, over half of all senior development professionals are appraised at least annually. This is a positive message as it means that in the majority of cases, senior development professionals are given the regular opportunity to discuss their progress with their line managers and know where they stand in terms of the expectations which are placed upon them with regard to fundraising.

The most concerning statistic we found when looking at the data is that of the professionals working in offices which have been established for less than 5 years who are not appraised annually 7% are appraised every other year or less than every other year and the vast majority in these offices are never appraised.

One might take the view from these figures that this lack of performance management derives from and contributes to a lack of understanding by school management of development. Interestingly, however, two thirds of those who are appraised less than every other year feel that their head teacher has a good or very good understanding of development and 80% of them have regular meetings with the head. This suggests that although over a quarter of development professionals in offices established for five years or less are rarely or never appraised, they generally feel that they have the support and understanding of the head through the head's proactivity or regular meetings held.

Self- appraisal

The extent to which expectations truly reflect what is involved in the role of a development professional and are therefore realistic will be connected to the understanding line managers have of this role, so it is important to look not only at how often development professionals are appraised but whether those who are appraised have the opportunity to appraise themselves in the areas of the role which are measured.

Looking at the table below, around a third of senior development professionals who are performance managed have the opportunity to appraise themselves as part of the appraisal process. This figure goes up to almost half of senior development professionals working in offices which have been established for more than 10 years. It is unsurprising that self-appraisals are in use more within the more established offices, as there are inevitably larger projects in hand and larger teams working towards them, so having a self- appraisal fits with a more established office structure.

Appraisal areas by length of time the development office has been open

DATE OF ESTABLISHMENT	SELF-APPRAISAL	APPRAISED AT LEAST ANNUALLY	APPRAISED ON INCOME	APPRAISED ON COSTS	APPRAISED ON RELATIONSHIPS CULTIVATED	APPRAISED ON DATABASE QUALITY	APPRAISED ON EVENTS	APPRAISED ON WEBSITE	APPRAISED ON SOCIAL NETWORKING
Less than 2 years ago	33%	74%	28%	20%	45%	20%	41%	36%	28%
2 to 5 years ago	25%	63%	26%	11%	37%	26%	35%	32%	26%
5 to 10 years ago	34%	56%	65%	35%	68%	26%	55%	34%	14%
More than 10 years ago	45%	64%	53%	38%	56%	37%	48%	30%	28%

ASSESSMENT STANDARDS FOR APPRAISING THE QUALITY OF THE DATABASE, PARTICULARLY FOR THE YOUNGER OFFICES, SHOULD BE ESTABLISHED

However, a self-appraisal is also a very useful tool in terms of the professional being able to communicate the issues and challenges faced in their office to their line manager. It is interesting to note therefore that self- appraisals are used more in the established offices, where communication lines are stronger with school management, than they are in the less established offices where they are perhaps needed more.

The group for which self-appraisals are the rarest is the offices which have been established for between 2 and 5 years. Only a quarter of senior development professionals in these offices are asked to appraise themselves and therefore communicate their issues to their line manager in writing. As offices in this phase of establishment are often moving from a friend-raising position to a fundraising one, in our view this is probably the establishment of office which is in most need of self -appraisal, so that there is a mutual understanding of expectations, fundraising strategy and development plans, as well as the issues and challenges which come with them.

Appraisal areas

Looking at the data for professionals in offices which have been established for less than 2 years, one third are appraised on income. Although this percentage represents a relatively low number of senior development professionals, it is concerning that those in question are appraised in this area when they are still very much in the start-up phase and in only a few cases are pursuing any type of fundraising initiative. With professionals in these younger offices spending a huge amount of time building up the database and relinquishing non-development responsibilities (see our team-time model later in this report) any expectation by management for income in this phase is in our view either unrealistic or derives from a knowledge of prospective donors who are already close to giving.

The table shows that the percentage of senior development professionals who are appraised on income generated rises as offices become more established and that there is a significant jump in the numbers of those appraised in this area as offices age beyond their fifth year. This is a reassuring message for the sector, as it suggests that line managers have a general understanding of how long it takes development offices to get on their feet and of what is involved in the first stages, generally seeing income as less of a key issue for appraisals in the first 5 years. The jump in the number of those appraised on income in offices which have been established for more than 5 years reflects the office's arrival at a point from which fundraising for initiatives ought to be much more successful.

The areas for which the highest percentage of professionals in offices of all establishments are appraised are relationship cultivation and events. This is unsurprising given that senior development professionals need to be most successful in these two areas in order to fundraise for initiatives, as it is the forming of strong connections with prospective donors which encourages them to give. Clearly the holding of successful events which facilitate the cultivation of relationships cannot be organised effectively without reliable information on prospective donors being held on the database. It is therefore rather surprising, particularly in the case of the start- up offices, that the database is the area in which the lowest number of development professionals are appraised. One would expect the percentage of professionals being appraised in this area to drop as offices become more established and the quality and effective use of data improves. However, the information in the table above shows that professionals in offices established for less than 2 years are the smallest group to be appraised on database information and that more are in fact appraised on income generated! This to us is a concerning message to the sector and it may be that principles and maybe assessment standards for appraising the area of the database, particularly for the younger offices, should be established so that senior development professionals feel supported in focusing on the important areas of development for their stage of establishment.

Offices established between 2 and 5 years ago

The sections under this heading aim to consider the key issues facing development offices which have been established for between 2 and 5 years. We first consider the issue of staff turnover in development teams and the impact these have on return on investment.

We then look at team sizes within development offices and then take a deeper look at the structure of teams, looking at the roles held by team members. Finally we look at the salaries paid to team members and look at how teams spend their time.

Staff turnover – what went wrong? The sell-by date challenge faced by 2 to 5 year offices

Staff turnover within any working team will inevitably bring with it challenges. With a new member of staff comes the need for training, the familiarising of systems used within the team and a 'settling' into the role, which will of course take time for a new recruit but will also take time away from the roles and progress of other team members who are assisting the recruit in getting used to the way things work. We have already mentioned that staff turnover within development is higher than in any other area of the school's sector, so it is important to explore the extent to which staff turnover causes disruption to progress made in development and fundraising within schools.

Clearly the higher the level of authority held by a team member, the more disruption to progress there is in replacing that member. The first table below therefore looks at the average length of time senior development professionals have been in post at their school, split by office establishment.

How long have senior development professionals been in post?	
DATE OF ESTABLISHMENT	**AVERAGE TIME IN POST**
Less than 2 years	8 months
2 to 5 years	2 years 4 months
5 to 10 years	4 years 3 months
More than 10 years	5 years 1 month

The table shows, unsurprisingly, that the average time a senior development professional has been in their post increase as offices become more established. However, it is when we drill down further into the actual turnover of staff in offices of different establishment that the issues facing development offices in this area begin to surface.

Of the 187 participating schools, a massive 48% of senior development professionals, representing just under half of all participants, have been in post at their school for less than 2 years! This is quite an alarming number and, although 20% of these are professionals working in offices which have been established for less than 2 years, the remaining 28% (representing a third of total participation) are working in the more established offices. Looking in more detail nearly half of all senior development professionals in offices established for between 2 and 5 years are new to the post i.e. they have come into the role in the last 2 years.

This compares with only a quarter of new senior development professionals in offices established for between 5 and 10 years and a third of professionals who are new in post in offices established for more than 10 years. The 32% of those who are new to their post in the most established offices will in many cases be coming in to replace retiring development directors and in the case of new professionals in offices established for between 5 and 10 years, there will be senior development professionals who have made their mark at their existing school and are now moving on to larger schools or roles. It is also the case that fundraising and development strategies and activities will have settled down by the time offices have reached their fifth year in establishment, so turnover of staff is less disruptive to progress than it is in the younger offices.

We have already discussed the expectations which are placed on offices established for between 2 and 5 years and have found that in a number of cases, targets set for fundraising initiatives and areas in which professionals are appraised are unrealistic. However, when we analyse the data, it suggests a number of other potential reasons for the high level of staff turnover in this group. Looking at offices which were established for less than 2 years in our 2012 survey (and are therefore in offices established for between 2 and 5 years in 2014) the average team size was 1.5. This means that development professionals were doing, at the very least, two thirds of the work needed to get the office up and running. The data shows that 61% of time was spent on research, building up of the database, managing social networking sites, putting together a strategy or plan and so on, whilst another 25% of time was spent trying to relinquish but continuing to uphold non-development responsibilities such as the organising of alumni events or tasks involved in previous roles.

Only 10% of time was actually spent on fundraising initiatives or on making asks to prospective donors. The problem therefore appears to be that, whilst the development teams rightly see their role in the first 2 years as predominantly involving research and building up the database so that relationships can be cultivated with prospective donors, senior management are, maybe by the second and certainly by the third year, expecting to see a return on their investment and so see a low or non- existent ROI as a failure by the office. It may well also be the case that a professional who is highly skilled in conducting research and populating a database in years 1 and 2 may have a character less suitable for making asks to prospective donors in years 3 and 4.

What is also interesting is that when we look at the salaries paid to different role levels in offices established for different lengths of time it is the senior development professionals in offices open for between 2 and 5 years, both on manager and director levels, who are paid the least. This may be another factor contributing to staff turnover, as team members with these roles gain experience at their schools before moving to higher paid positions in other schools. Looking from the other side, it could be that salaries paid to this group have been lowered in light of an apparent failure by previous development professionals to reach targets set by management, so those professionals who are new in post are paid a lower salary than their predecessors as management decide to pay replacement professionals more cautiously. The salaries paid to development director, managers and clerical staff are analysed in more detail later on.

In summary then, the main contributing factors to staff turnover in offices established for between 2 and 5 years seem to involve the unrealistic expectations placed on senior development professionals for fundraising income which derive from a lack of understanding by management of what is involved in the role and in this phase of office establishment. This is combined with a lower salary paid to professionals in this particular group. With such high expectations being placed on such a small average team size and with less competitive salaries being paid here than in more and even less established offices, we must ask the question- are these teams being asked for too much? Some may argue that it is better to build up the database using a team of lower-level staff, bringing a development director into the team later to use the data in cultivating relationships, as well as to put together a development strategy or plan and drive it forward. We explore team structures and their impact on return on investment in the next section.

Getting the team size right

As mentioned earlier in this report, the level of investment made by schools into development teams can affect fundraising success, both in terms of the structure of skills needed in offices of different establishment and the number of people needed to deliver fundraising objectives. In this section we look at the average team sizes in offices of different establishment and address issues stemming from data collected.

The table below shows the average size of teams in offices of varying establishments.

The data shows that team sizes are on the up since the last survey for newly established development offices, meaning that a greater level of resources are being provided to development offices in way of getting things off the ground. Team sizes have also grown for those offices which have been established for between five and ten years and for over ten years, showing that further people resources are being invested into development teams in way of working to fundraising success and in aiding senior development professionals to fulfil their development plans. However, we note a drop in the team size of development offices which have been established for between two and five years and this is the group of course who were in their first three years when our last survey was conducted and for which of course we have seen the highest staff turnover. We address the reasons why this may be the case in the next section on 'team structures'. However, here we look at how team sizes connect to return on investment for all offices.

Although one needs to be very cautious in reading too much into income and profit when relating them to this area, it is interesting to note that with the growth of average team sizes over the last 2 years since our 2012 survey, there has been a potential impact on the ROI generated by development teams.

Team size by age of establishment

DATE OF ESTABLISHMENT	AVERAGE TEAM SIZE 2014	AVERAGE TEAM SIZE 2012
0-2	2	1.6
2-5	1.8	2
5-10	2.9	2.7
10+	3.6	3.1

Looking at this data there is certainly an initial cost in setting up a development office. Those offices which were established for less than 2 years in our last survey generated an average ROI of -0.1 in 2012, compared with an average ROI of -0.3 in 2014 -it may well be that the extra cost of development staff in the last 2 years has contributed to the change in this figure. The ROI of offices established for between 5 and 10 years has improved since 2012, with a 2012 average ROI of 0.7 compared to an average of 1.4 in 2014. There has also been an improvement in the level of ROI generated by the most established offices over the past 2 years, with an average ROI of 1.3 having been generated by such offices in 2012 compared to 2.0 in this year's survey.

These improvements could suggest that making greater investments into development teams is working in terms of contributing to higher returns on investments. Most interestingly, for those offices which have been established for between 2 and 5 years, teams have reduced in size, yet for these offices there has also been an improvement in ROI in the last 2 years, with an average of 0.2 having been generated in 2012 compared to an ROI of 0.9 this year, suggesting that these offices seem to be doing better despite the drop in the average number of team members. It may be that start-up offices are investing in more "early-years staff" to conduct research and build up the database, dropping to a smaller team in the second phase of establishment once things are off the ground in order to use the information held in organising events and cultivating relationships. We explore this in more detail in our 'team structures' section.

What's the best structure for my team?

Not only can a team's size have an impact on the efficiency and speed with which fundraising activities are undertaken and subsequent return on investment, but the way in which such teams are structured is as if not more important. The structure of teams shows the skills which are being employed by development offices of different ages and these will inevitably have an effect on the success of such offices.

We look in this section at the most popular staffing models adopted by offices of different ages and connect these to return on investments made. We also use data collected to track how staffing models change with the growing establishment of development offices.

Offices established for less than 2 years

A typical development team in an office which has been established for less than 2 years consists of 2 members of staff. When we look at the data, 60% of these teams are director led. However, this 60% appears to be split into two very different structures.

Half of the director-led teams have a director who has responsibilities in another role at the school, such as school marketing, assistant headship or business development. These directors oversee development activity as opposed to having any direct role in development. They then typically have a member of staff on a managerial level working underneath them, although in very low-level start-ups this role is only clerical. Both roles working underneath constitute around 0.8 of a full time role. Some other directors operate in a development role but shared with another area e.g. communications or external relations and they typically have just a member of clerical staff working underneath them. The remaining 30% of director-led development offices tend to have a full time development director and a full time member of clerical staff working underneath them. Finally the 40% of start-up teams whose offices are not director-led tend to be staffed with a full time development manager and a full time member of clerical staff working underneath them.

In total there are therefore three ways in which team structures are put in place and which are adopted by development offices established for less than 2 years. As two thirds of start-up offices are either being led by an 'overseer' of development or by a managerial role, it seems that most offices of this establishment have deliberately accepted a degree of in-built staff turnover, i.e. bringing in a director or higher level staff member a little later on. By way of contrast a third have decided to 'take the plunge' by hiring a full time director from the start.

Comparing the cost of team structures in the youngest development offices, those led in the first years by a full time development director cost an average of £88,000, compared to an average of £50,000 being spent on teams which are led either by a manager or an 'overseeing' director. This puts the 'plunge' being taken by those offices employing a full time director from the start into context and suggests that the structure adopted by schools wishing to set up a development office will very much depend on their financial risk appetite in this area.

It is then interesting to look at the return on investment which is generated by the different team structures put in place for development offices which have been established for less than 2 years. Those offices being led by a full time development director generated a lower return on investment than teams which were being led by a manager or an 'overseeing' director, with an average of -0.4 compared to an average of 0.4. The additional cost of salaries in the former team will inevitably have contributed to the difference in returns on investments generated.

We don't as yet have strong enough information to suggest which route with regard to team structures is most beneficial. We would hope in future to be able to track both director and manager led teams to see the extent to which both structures have succeeded in following years. Despite this it is possible to look at both team structures and return on investment generated by offices established for between 5 and 10 years to get a general idea of how certain team structures do or do not pay off financially and we have done so later in this section.

SCHOOLS NEED TO DECIDE AT WHICH POINT THEY FEEL MOST PREPARED TO INVEST IN DIRECTOR LEVEL STAFF

Offices established for between 2 and 5 years

A typical development team in an office which has been established for between 2 and 5 years consists of 1.8 members of staff i.e. less team members than is found in a start- up development office. 60% of these offices are led by a development director and 40% are led by a manager. At this stage of establishment, nearly all senior roles have become full-time and most are wholly concerned with development. What is interesting is that when we look at this particular group, the number of managers as a whole has diminished. Whilst the same percentage of offices are manager-led as those established for less than 2 years, the managers who were working for 'overseeing' directors in the youngest offices have now disappeared. This suggests that managers from offices established for less than 2 years have either been promoted to a director level role or have moved on, being replaced by a development director in a wider role with clerical support.

One might suggest that at such a crucial stage of the development process, a smaller team size in offices established for between 2 and 5 years is a negative thing, as team sizes might be expected to grow with the office establishment. However, reflecting on the way in which team structures appear to be changing in these offices, with wider roles being brought in through the employment of development directors, this stage of establishment appears to call for quality as opposed to quantity. It's therefore possible that with the change in team structures for these offices comes a focussing of roles which may in fact help rather than hinder progress made.

Looking then at the difference in ROI generated by both alternatives, the 40% of manager-led teams are making an average ROI of -0.1 compared with the 60% of director-led teams which are now making a positive average ROI of 1.0. This suggests that it maybe takes until the office has been established for up to 5 years for those teams that are led by a director to reap the financial rewards – but that by then they are doing so. There is of course the earlier-years losses to "repay" as well! Be that as it may, those who are sticking with manager-led team structures appear to be at a disadvantage by the end of this 2 to 5 year period.

Finally we compare the success of teams who have used their in-built staff turnover model to replace managers with directors with teams which have been director-led since their offices were set up. The data suggests that those teams which brought in a development director in replacement of managers in the 2 to 5 years stage are at this stage seeing a negative average ROI of -0.5. Conversely those which have had a development director in post from the beginning are now seeing a positive average ROI of 1.1. This is perhaps unsurprising, as of course any new team member must familiarise themselves with both the role and the school, particularly in such a crucial phase of development activity. However the data does suggest that, by year 5, there is some merit in having a development director in post from the beginning rather than making changes part-way through.

However of course director-led teams made a bigger loss in the first few years. Schools therefore need to decide at which point they feel most prepared to invest in director level staff. By investing more heavily into a more experienced team from the start, there will almost inevitably be losses made and also a greater risk taken in being sure that the right person has been employed for the job. However, for schools with a greater risk appetite these initial costs and negative returns may be worth the while if they feel they have the right person in post.

SALARIES PAID TO DEVELOPMENT STAFF SEEM TO BE INDEPENDENT OF TEAM SIZE

Offices established for more than 5 years

A typical development office which has been established for between 5 and 10 years has an average of 2.9 team members. In the majority of cases, this team number consists of a full time development director, a full time manager and full time clerical support. This suggests that at this stage, many development offices have achieved fundraising success which supports the need for the director to bring in further help to support future fundraising initiatives. There is therefore a culture of further investment being made in development offices as they reach this stage.

It is interesting to compare offices of this age which have had a director-led team since start-up, to those which brought in a development director later on (in this analysis we have excluded those schools which have employed a director in the last 2 years, as inevitably it takes around 2 years for any team leader to settle in completely). The data shows that an average (mean) ROI of 4.0 is being generated for offices adopting both team-structures, suggesting that taking either route can result in significant success. However, when looking at the median ROI for each team structure (this being the middle result so avoiding the data being skewed by a few exceptional results), those teams which have been director-led from the start generated a median return on investment of 3.0, compared with a 1.5 ROI generated by offices which brought in a director later on. This suggests that those schools investing in director-led teams from the beginning and taking initial costs and negative return on investments on the chin, are achieving a more positive return later on. We would therefore suggest that schools setting up a development office review the risk appetite they have for this area in the investment stage, as it appears that having a director in post from the beginning, assuming the right person is employed, can reap more financial benefits in the longer term.

After 10 years the average team has 3.6 members of development staff. These teams, like their colleagues in offices established for between 5 and 10 years, have a team structure which in the majority of cases consists of a full time development director, full time development manager and more than one full or part time member of clerical staff. Teams in offices of this establishment not only have full time roles with higher levels of authority, but the data suggests that roles are more varied and focused on specific areas of development activity i.e. there is often a role specifically focused on alumni relations, maybe another focused entirely on events. This team structure does not just simply reflect a more established office in general, but also reflects the fundraising initiatives in hand and the vision of the office as a whole.

Conclusion on team structures

Reflecting back on team structures the strongest message stemming from data collected is that whether a school chooses to invest in a development director at the beginning or later on, both options can bring with them not only fundraising success but staff turnover. For those schools bringing a development director in from the start, there is a higher risk with regard to whether the right person has been employed, both in terms of cost and progression. For those schools that decide to wait to bring in a development director later on (and so employing teams with deliberately in-built staff turnover) both the risk and costs are lower, but so potentially is the overall ROI that is generated in the longer term. We must also remember that the data analysed for this section has been collected from development offices with success stories. Although there will be offices out there which are not making the surplus they would like, they are still success stories, compared with a number of development offices that have closed over the past 2 years, which for obvious reasons are not included in this analysis!

How much are development professionals paid?

In this area we look at the salaries paid to development team members on four levels of authority in a number of different ways. The role levels explored are director, manager, clerical and graduate levels. Looking at all participating schools, the average salary paid for a development director is £55,000, for a manager is £32,500, for a clerk is £26,000 and for a graduate is £22,000.

These figures are much the same as overall figures from our 2012 survey, so although there may have been a higher investment made by schools into development teams, the salaries paid to staff members within those teams has remained much the same as two years ago. This section seeks to split the data collected from participating schools in different ways, to obtain a more realistic view of how development professionals are remunerated.

The table below shows the average salaries paid to development staff with different levels of authority, split by the regions in which participating schools are located.

Overall the data suggests that director salaries fall as one moves further away from the south east of the UK. The average salary in Scotland is however higher and is more closely attuned to the other UK regions than it is to the North of England, with the exception of what is paid to a member of clerical staff which is less in Scotland than for any other UK region. Salaries of managers and clerks appear to remain the same, whether or not they work within or lead a department and the salaries paid to clerks do not vary by the size of team they are working in. This suggests that all team salaries seem to be independent of team size. The data has certainly changed very little over the past 2 years in terms of how development staff with all levels of authority are paid today in comparison to in our 2012 survey, suggesting that there is very little change in the packages paid to development staff, even for inflation.

Development pay by UK region

UK REGION	DIRECTOR ROLE	MANAGER ROLE	CLERICAL ROLE
Inner & Outer London	£61,500	£35,000	£27,000
London Fringe & South East	£59,000	£34,750	£26,600
South West, South Wales & South Central	£55,200	£31,800	£25,400
East Region and East & West Midlands	£57,400	£29,600	£25,000
North of England, North Wales & Northern Ireland	£46,900	£30,300	£25,500
Scotland	£53,000	£32,500	£24,000
Average UK	£55,000	£32,500	£26,000

Analysis of salaries by age of development office			
DATE OF ESTABLISHMENT	**DIRECTOR ROLE**	**MANAGER ROLE**	**CLERICAL ROLE**
Less than 2 years	£49,600	£29,900	£24,400
2 to 5 years	£47,000	£28,100	£21,800
5 to 10 years	£57,500	£31,600	£25,200
More than 10 years	£59,400	£35,530	£28,300

Looking at the table above, salaries for all roles appear to increase steadily as offices become more established, which is of course unsurprising as roles will inevitably widen as offices progress with fundraising strategies and development plans. Offices which have been established for between 2 and 5 years, however, are an interesting exception to this rule. There are a number of reasons why this might be the case. The first is that schools are investing an increasing amount of money into new development offices in way of getting things moving quickly and efficiently. Another reason for this might be connected to the staff turnover which takes place within this phase of office establishment. It is very rare for a professional's salary to be cut by management and this is certainly too rare an incident to reflect in the table above. There will be schools within this group which have had what they deem to be failures from senior development professionals in the first 3 years i.e. concluding that the development team have failed to bring in any fundraising income and are therefore 'not up to the job'. Although in many cases this will be as a result of a lack of understanding by management about what the job involves in this crucial phase, development professionals may have been pushed on and replaced by new professionals on a lower/ more cautious salary. There will of course be some development professionals who are not "up to the job" too!

Looking at the data collected in our 2012 survey, it would seem that both are potential reasons for the dip in salaries paid to professionals in offices established for between 2 and 5 years. Average salaries are on average around £1,000 lower for development professionals this year compared to 2 years ago. However, when we look at the average salary paid to a development director in an office which has been established for less than 2 years, this has gone up from £49,000 in our last survey to £49,600 this year.

Although this does not seem like a huge increase, it is slightly larger than it looks when we consider the drop in overall salaries paid to development professionals. This suggests that schools are in fact investing slightly more into start-up offices than they were in 2012, paying more to senior development professionals than they were before.

Development directors who were in offices established for between 2 and 5 years in 2012 were paid an average salary of £51,500, compared to an average of only £47,000 in this year's survey. This is quite a large drop in remuneration levels for such staff. One needs to be very careful in making too many assumptions about the reasons for this but a number of possibilities exist. Successful development directors who were in offices established for between 2 and 5 years may now be working successfully in offices established for between 5 and 10 years (i.e. moved up a group) or have moved on to other schools. Those who have moved on may have been replaced by a professional with less experience and whose salary reflects both this and the fact that they are not yet familiar with the school as their predecessor was.

There will also be cases where development professionals will have been viewed as failing and been replaced by a professional who is paid less as a reflection of a lack of faith in development from governors or school management. Whatever the reason, it is a negative message to see such a decrease in salary for professionals working in offices established for between 2 and 5 years, as it is during this phase in particular when schools need to be investing trust and paying more to their teams in way of getting fundraising and development right off the ground for future success.

How should my team spend their time? The "team-time" model

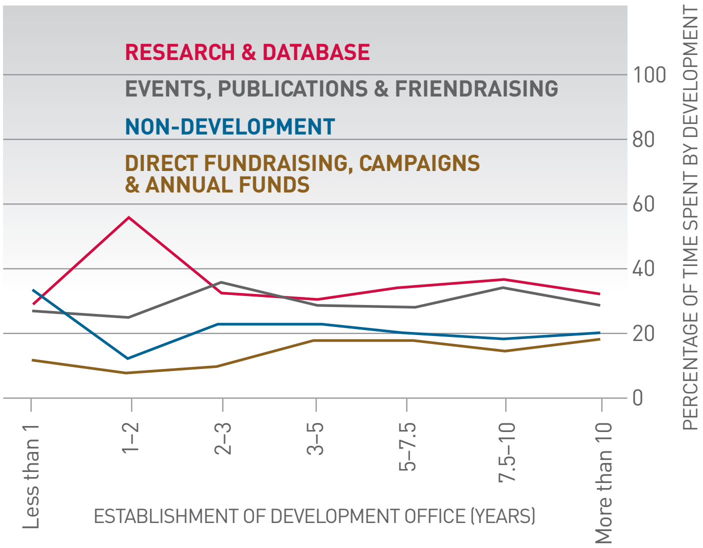
In our 2012 National Fundraising and Development Survey, we looked at data collected to understand how development teams spend their time in offices which had been operating for different lengths of time. This was done so that we could see how the activities of development team members change as offices become more established.

We grouped team activities into 4 areas. These were;

- **Non-development –** when team members undertake activities which are not really development-related i.e. school marketing, alumni society and events
- **Research and database –** including internal meetings
- **Events, publications and "friendraising" –** including development marketing and website
- **Direct fundraising, campaigns and initiatives, annual funds and direct 'asks'**

We have summarised below the ways in which development teams spend their time in each of the 4 areas, grouped by the time the office has been open. The data shown below is from our 2012 survey but as this aspect of development changes very little and as the model is very helpful in understanding development issues, it is reproduced below.

Activity by age of office



Looking at the graph we can see that, for established offices (open more than 5 years) around 30% of available time is spent on research/database activities and 30% is spent on events/publications and friendraising. 20% is then spent on non-development and 20% on direct fundraising. This is a helpful guide to time-management once offices have been established for more than 5 years. However, before development teams settle into this phase of establishment, the data clearly shows that time spent in each of the 4 areas fluctuates according to the number of years an office has been established for.

Offices in their first year of establishment in fact spend the largest proportion of their time on non-development activities, presumably as team members' prise themselves away from previous non-development roles and work towards a position from which they can engage fully in development. As offices move into their second year, the amount of time spent on non-development activity decreases rapidly as teams begin to engage fully in research so that information on the database can be built up. These research/database activities take an average of 55% of time in the second year, showing just how key this stage is and the extent to which successful development and fundraising is founded on high-quality contact data. As the team moves into its third year the average percentage of time spent on research and the database settles to just above 30% and remains at this level thereafter. Events, publications and friend-raising activities really get going with over a third of team time spent in this area of activity.

A large amount of time tends to be spent on the organisation of events (ideally ones decided upon as a result of 2-year research conducted on contacts) so that prospective donors can be invited to events which correlate with both their interests and the nature of fundraising campaigns. As offices move into their 4th and 5th years the percentage of direct fundraising and initiatives work rises steeply, from only around 10% in teams' first three years to its long-term position of taking around 20% of team time.

DEVELOPMENT OFFICES ARE FOCUSING ON ALL INITIATIVES MUCH MORE AS THEY REACH AN ESTABLISHMENT LENGTH OF OVER 5 YEARS

Reflecting on the above it is important to link this to the earlier sections on head teacher/governor expectations and on team size and structure. In particular it is quite clear from the above and from earlier sections that it is unrealistic to expect start-up teams to turn in surpluses in their first 3 years of operations (unless there are potential donors already linked to the school who are wishing to give) and our conclusion remains that it takes between 3 and 5 years for an office to establish itself properly. Before that time development profits should be welcomed, after that date they should be expected.

Furthermore the more research that is conducted by an office before serious fundraising starts (within reason!) the fuller the information becomes on the database, which in turn allows the office to organise events which correlate with both prospective donor interests and fundraising initiatives and therefore enhance the likelihood of success for those initiatives. This process inevitably takes a considerable amount of time to work through. It is no surprise then that, when we look at the percentage of offices which are engaging in bursary appeals, capital campaigns, annual funds and the setting up of legacy societies, there is a considerable growth in the numbers once offices which have been established for five years or more.

Alumni relations – adding to the model

Alumni relations is a very important area to look at, as a significant amount of time is spent on this area by development teams. However, in our experience, the term "alumni relations" covers two very different but potentially linked activities. Some schools we speak to describe alumni relations as the cultivation of relationships with former pupils for development and fundraising purposes i.e. forming strong relationships with the view to generate income from those relationships later on. Others would describe alumni relations as the contribution made by a development team to the running of their alumni associations, either through secretarial work or the organisation of events for them. Others, particularly those who work in partnership with their alumni associations, both for development and non-development purposes, will say they are one and the same thing! All development teams will inevitably engage in the former activity with the view to achieving subsequent fundraising success and, according to data collected in this year's survey, around three quarters of alumni association events are organised by school development teams.

Of course the extent to which school development teams hold responsibilities for their alumni associations is hugely varied and the extent to which these responsibilities help or hinder the progression of development offices and their fundraising success as a result of the time spent upholding such responsibilities is not easily established.

Over a third of development offices which took part in this year's survey reported that they spend over a quarter of their collective time on 'alumni relations'. However as the term 'alumni relations' is not yet wholly understood and applied in a consistent way across the sector as noted above further analysis is really needed (maybe through more detailed future questions) to ascertain the extent to which alumni relations helps or hinders the success of development offices.

Offices established more than 5 years ago

The sections under this heading aim to consider and address the key issues facing development offices which have been established for more than 5 years. We look first at the types of fundraising initiatives being undertaken by offices established for different lengths of time and different types of school.

We then look at the four main fundraising initiatives, these being capital campaigns, bursary appeals, annual funds and legacy societies, looking at the expectations for each initiative which are placed on development teams. We then look at the way consultants are used and at who gives and to which types of campaign or appeal.

Fundraising initiatives

Initiatives undertaken by age of establishment

This section looks at the extent to which development offices established for different lengths of time and in different types of school are engaging in different types of fundraising initiative. The initiatives asked about were capital campaigns, annual funds and bursary appeals. We also looked at the percentage of offices which had a legacy society.

Only 43% of participating offices which have been established for less than 2 years are engaged with any fundraising initiative at all and this is an encouraging message when we reflect on the work which is being put in by these offices to build up their databases with contact information. This figure shows an understanding by senior management within schools that it takes time to get things 'off the ground' in a development office. The remaining start-up offices have been set up with the view to fundraise for at least one initiative, with a third engaging in one initiative, 20% engaging in two and a very small but very real minority being asked to fundraise for three or more!

Initiatives undertaken by offices at different stages of their establishment

ESTABLISHMENT	CAPITAL CAMPAIGN	ANNUAL FUND	BURSARY APPEAL	LEGACY SOCIETY
0-2	26%	26%	18%	20%
2-5	54%	47%	35%	35%
5-10	68%	63%	58%	70%
More than 10	58%	45%	67%	78%

As development offices are very much laying the foundations for friend-raising and future fundraising in the first 2 years, it could be viewed as unrealistic to expect successful fundraising for more than one initiative from an office which has been established for such a short time and we would hope that the target dates and amounts set for fundraising within such offices are realistic and set with an understanding of what is involved at this stage.

The most popular initiatives undertaken by start-up offices are an annual fund and a capital campaign. There appears to be less confidence in setting up a bursary appeal or a legacy society by these offices. However, as offices grow beyond 2 years of establishment, there is a steady increase in the numbers of schools which are engaging in all fundraising initiatives, with a distinct rise in the number of legacy societies in offices which have been established for more than 5 years, compared with those offices which have been open for less than 5 years.

This and the other figures in the table might suggest that development offices see fundraising for capital projects from parents or alumni as a priority in earlier years and an annual fund as a less pressurising way of generating income from these sources in this first phase. The table shows that, overall, development offices are focusing on all initiatives much more as they reach an establishment length of over 5 years, turning a full focus to legacy giving later on, as bursary appeals have had success and capital projects have been completed. This data could also reflect the intention of the more established offices to increase targets for larger projects, to which legacy donations would make a significant contribution alongside gifts made by major donors.

THE INFORMATION SUGGESTS A CONFIDENCE FROM BOARDING SCHOOLS IN FUNDRAISING FOR ALL INITIATIVES WHICH REDUCES SOMEWHAT IN DAY BOARDING OR DAY SCHOOLS

It is only for capital campaigns and an annual fund that development offices appear to fundraise less as they pass their tenth year in establishment. It may be that offices of this age are concentrating less on their annual funds as a core source of income, making a stronger focus on major donors and legacy donor stewardship for larger gifts, as relationship cultivation is so much stronger at this stage.

Initiatives undertaken by type of school

The table below shows the types of fundraising initiatives which are being undertaken by different types of school.

When we look at the percentage of development offices which are fundraising for different initiatives by type of school, the information suggests a confidence from boarding schools in fundraising for all initiatives which reduces somewhat in day boarding or day schools. To some degree this could be because, on average, development departments in boarding schools have been set up for longer, but it may also reflect the fact that boarding schools tend to find more success in fundraising for initiatives, a conclusion reached in our 2012 Survey. There we suggested that this could be due to the potentially higher wealth of their prospective donors but maybe even more the stronger sense of nostalgia felt by alumni who called the school their "home" during their formative years. Having explored the number of schools which are fundraising for different initiatives, the next sections examine each initiative area in turn.

Initiatives undertaken by offices in different types of school

TYPE OF SCHOOL	CAPITAL CAMPAIGN	ANNUAL FUND	BURSARY APPEAL	LEGACY SOCIETY
Boarding	78%	61%	61%	83%
Day Boarding	54%	41%	53%	57%
Day	43%	44%	48%	52%

Capital campaigns

Of our 187 participants, 98 development offices representing 52% of all participating schools are raising for one or more capital projects. This section seeks to establish the type of projects being fundraised for and the types of prospective donors who are cultivated and are attracted to such campaigns. This section also explores the cost of capital projects and the extent to which there is an expectation of development offices to finance them.

The table below reflects which types of capital projects development offices are raising money for, split by the age of establishment. Note that "special projects" are quite varied but are often anniversary or history/heritage type projects.

Capital Projects by age of establishment

DATE OF ESTABLISHMENT	BOARDING FACILITIES	ACADEMIC FACILITIES	SPORTS FACILITIES	ARTS & MUSIC FACILITIES	SPECIAL PROJECTS
0-2 years	9%	45%	18%	9%	18%
2-5 years	0%	17%	37%	22%	26%
5-10 years	4%	52%	37%	26%	15%
More than 10 years	0%	57%	38%	32%	10%

The most popular capital project for fundraising is an academic facility, with the two most popular areas by some distance being fundraising for Sixth Form Centres and new Science Facilities. Both sports facilities and arts and music facilities grow considerably in popularity as fundraising initiatives for offices established for more than 2 years, but appear, in the majority of cases, to be avoided by start-up offices.

The table below shows the types of capital projects which are fundraised for by different types of school

Capital Projects by type of school

TYPE OF SCHOOL	BOARDING FACILITIES	ACADEMIC FACILITIES	SPORTS FACILITIES	ARTS & MUSIC FACILITIES	SPECIAL PROJECTS
Boarding	13%	53%	12%	20%	33%
Day Boarding	0%	44%	46%	34%	7%
Day	N/A	41%	41%	25%	18%

We have filtered the data in a different way in this next table so that we can see whether the popularity of capital projects changes when we look at the split between boarding, day boarding and day schools. As one can see, the table reinforces the point that academic facilities are by far the most popular type of capital projects for schools in terms of raising money.

What is interesting is that when we look at the types of academic facilities which are being fundraised for by the different types of school, boarding schools tend to engage in fundraising for more serious academic facilities, the most popular being a science block. However, development offices in day boarding schools are tending to fundraise more for sixth form centres or sports facilities, much like their colleagues in day schools. It may be that the more serious academic facilities appeal more to the alumni of boarding schools as they invoke more nostalgia, whereas facilities such as a sixth form centre or a sports facility appeal more to the parental body of a day boarding or day school as the project may well be completed in time for their children to reap the benefits of it.

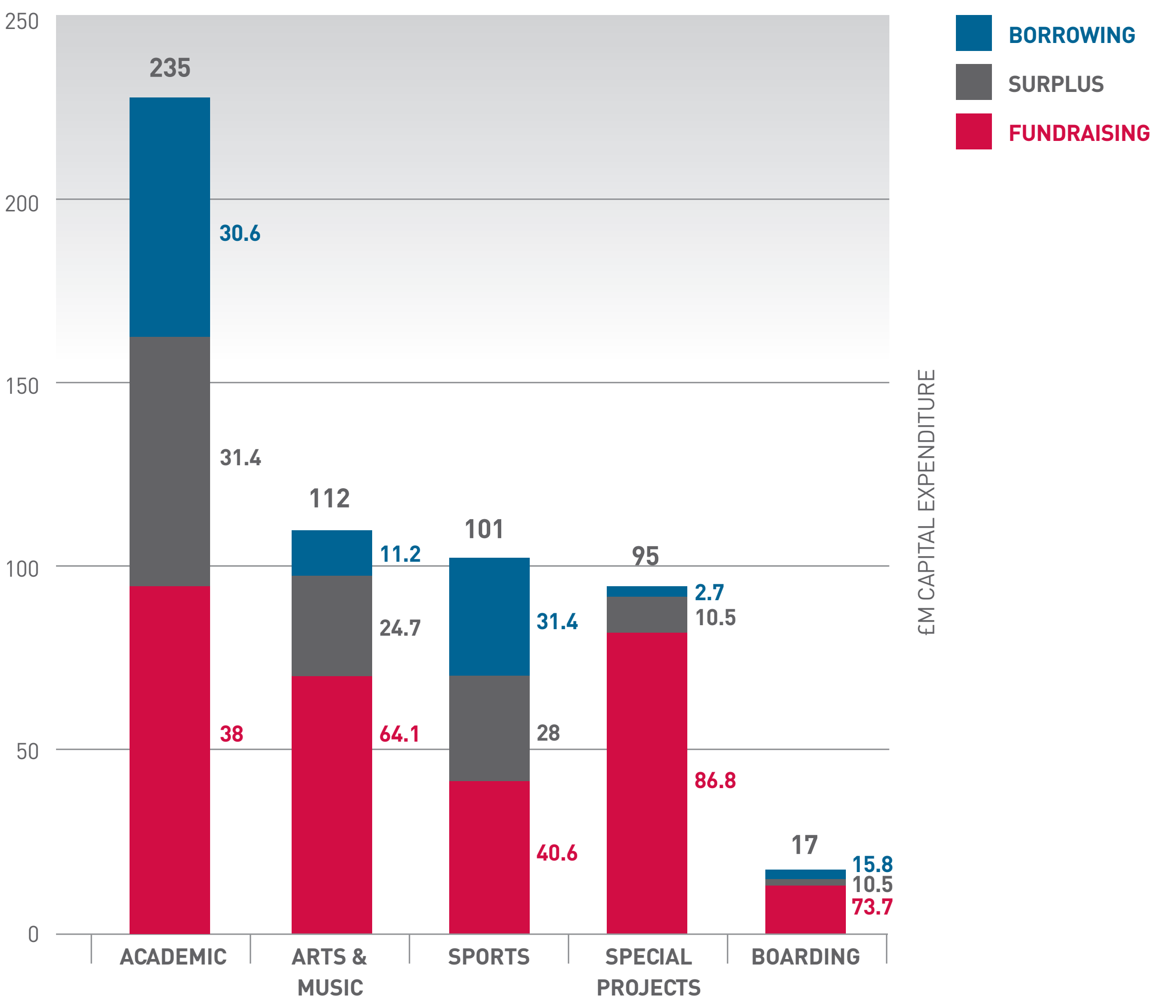
The table also suggests that fundraising for arts and music facilities becomes more popular as offices become more established, but we can see from this table that once offices have reached a certain level of establishment, this type of initiative is not actually unpopular in any type of school.

DEVELOPMENT OFFICES SEE BOARDING PROJECTS AS LESS ATTRACTIVE FOR FUNDRAISING AND MORE A PROJECT WHICH SHOULD BE FUNDED BY THE SCHOOL ITSELF

Boarding facilities remain the type of initiative in which offices have the least interest, suggesting that development offices see this type of boarding facility projects as less attractive for fundraising and more a project which should be funded by the school itself.

What proportion of a capital project is expected to come from fundraising?

Below is a graph which shows the proportion of each type of project which is expected to be financed by fundraising, borrowing and a school's accumulated surplus/asset sales or direct support from an associated organisation e.g. a livery company.



We have a number of comments on the graph but it is first worth noting that the information we have only relates to projects which are to be the subject of fundraising – schools have and will build new facilities entirely out of their own resources and such projects are not captured by this analysis. However, schools are increasingly looking towards fundraising for any substantial project so it is likely that the table picks up most major planned spend over the next few years. The possible exception is new boarding facilities and major refurbishments – we are aware that many of these are being built but only £17m of these are expecting any fundraising contribution.

Looking at the graph, schools are planning to spend the most money on academic facilities. This is hardly surprising. What is however interesting is that only an average of 38% of this money is targeted from fundraising and 31% is expected to be borrowed (and presumably paid back in the future out of school surpluses). The remaining third of total costs is paid for by school surpluses. A similar proportion applies to sports facilities (which many might think would be good projects for fundraising). The analysis suggests that whilst this is the case schools are having to put a fair amount in themselves in this area.

By way of contrast £112m is planned to be spent on Arts and Music facilities and this is clearly viewed as the area most suited to fundraising, with nearly 2/3 of all the planned Arts and Music expenditure expected to be covered in this way. The proportion to be paid for from borrowing is only just over 10% and 12% is from accumulated surpluses. A final comment relates to special projects – these are often "landmark" buildings (maybe to commemorate specific events or anniversaries). The analysis shows that they are also highly suited to fundraising.

The final question to ask in this area is the extent to which these fundraising expectations vary depending on the age of establishment of development offices as well as looking at the average size of such projects.

Costs of campaign types and % expected from fundraising

DATE OF ESTABLISHMENT	AVERAGE TOTAL COST OF CAPITAL PROJECT	AVERAGE % EXPECTED FROM FUNDRAISING
0-2	£4.5m	61%
2-5	£2.8m	43%
5-10	£6m	57%
10+	£4.7m	55%

The table suggests that the capital projects with the largest value are being fundraised for by offices established for between 5 and 10 years and that the biggest expectation for fundraising is also on this group. This suggests that as offices get fully on their feet in terms of the quality of information on the database, organisation of successful events and subsequent cultivation of relationships, they find themselves in a position from which they are able to successfully fundraise, having put in sufficient time into the "friend-raising" phase. Those offices established for between 2 and 5 years, who are still very much in the "friend-raising" phase, are raising for projects with the least average value and have the smallest expectation upon them for fundraising and in our view this makes complete sense.

Looking at the most established offices, the average total cost of projects is less than that of those being raised for by offices established for between 5 and 10 years, although the expectation from this group is the same. As these offices have their "fingers in a lot of pies" by the time they reach this level of establishment, in terms of fundraising for other initiatives with similar target sums, this drop in target is of no real surprise.

ALUMNI ARE SEEN AS MORE LIKELY TO GIVE TO AN ACADEMIC FACILITY WITH PARENTS MORE ATTRACTED TO ARTS AND MUSIC

Who is targeted by each type of project?

The table below shows the average percentage of parents and alumni which are targeted for different types of capital project by all participating offices to this survey.

Targets for capital fundraising

TYPE OF PROJECT	TARGETED ALUMNI	TARGETED PARENTS
Academic	43%	37%
Arts & Music	40%	48%
Sports	35%	28%

In this year's survey we asked participants to report on the groups of database contacts who are 'targeted' for certain capital projects. These groups included targeted alumni, targeted parents, all alumni, all parents and the entire database. Although all of these groups of contacts were chosen to different extents by participating schools, in this section we look at the extent to which 'targeted alumni' and 'targeted parents' are communicated with for certain types of project, as it is this choice made by offices which reflects the extent to which teams feel that certain projects appeal to and attract the interest of certain groups of prospective donors.

The table above suggests that alumni are seen by offices to be more likely to give to an academic facility and that parents appear to be more attracted to arts and music facilities, although support to this type of capital project appears also to be given by former pupils. Sports facilities appear to be less popular in terms of being contributed towards by either group. This supports comments made in an earlier section which suggest that for this type of capital project, schools are needing to contribute with their own funds or borrowing to a greater extent.

Who is targeted by type of school?

When we then look at the extent to which targeted alumni and parents are approached by type of school, the data clearly suggests that this way of approaching contacts is far rarer in the development offices of day schools.

Targets for capital fundraising

TYPE OF SCHOOL	TARGETED ALUMNI	TARGETED PARENTS
Boarding	52%	38%
Day/Boarding	47%	49%
Day	25%	22%

The average length of time that offices in our participating day schools have been established for is 5 years, compared to 10 years for which offices in our participating boarding schools have been established, so these low figures may just as well reflect that many day schools have not reached a stage of establishment that enables them to target specific alumni or parents yet, rather than a view that targeting both groups would not be beneficial.

Over half of participating boarding schools approach targeted alumni for capital projects and this is of no surprise. With former pupils of boarding schools having had their schools as a home throughout their formative years, there is a far stronger sense of nostalgia felt by alumni which inevitably makes them more approachable. Targeted parents are approached less by boarding schools, suggesting that perhaps with high fees being paid already for pupils by their parents, development offices feel less comfortable in approaching current parents for capital projects, unless those projects may contribute to the school life of the child.

Bursary fundraising

Of our 187 participants, 88 development offices are seeking to raise money for bursaries. This section seeks to establish the type of bursary fundraising which is taking place and the extent to which this varies by type of school and by age of development office.

Type of bursary fundraising

We asked whether those schools which are engaged in a bursary appeal are fundraising for pay as you go bursaries, a permanent endowment or both. Unsurprisingly, the data shows that the majority of schools which are in their first two years of establishment and are fundraising for such an appeal intend on putting their fundraising income towards pay as you go bursaries as opposed to a permanent endowment. Fundraising for bursary endowment only really comes into play once development offices have been established for around five years. However, the data clearly shows that it is the intention of most development teams to be in a position from which they can raise money for both a permanent endowment and pay as you go bursaries, as this is the position that 56% of offices who have been open for over ten years are in.

It is interesting to see that all offices which are fundraising for a bursary appeal and are in their first 2 years of establishment are day schools. Even among offices which have been open for between 2 and 5 years, only 6% of those fundraising for bursaries are boarding schools. However, as offices grow beyond five years of establishment, the balance between types of schools which are fundraising for bursary appeals levels out.

Who is targeted by type of school?

The table below shows the extent to which different types of school are approaching targeted alumni and targeted parents for bursary appeals.

Targets for bursary fundraising		
TYPE OF SCHOOL	TARGETED ALUMNI	TARGETED PARENTS
Boarding	41%	41%
Day/Boarding	35%	27%
Day	22%	38%

The data in the table suggests that the targeting of specific alumni is less popular for all schools fundraising for bursary appeals than for those fundraising for capital projects. This suggests that a more 'blanket' approach i.e. to all parents, alumni and potentially the whole database is adopted by development offices in all schools for this type of initiative. A third of those fundraising for a bursary appeal are also doing a telephone campaign in order to raise money. It is interesting to note however that targeting specific parents for bursary appeals is a more popular approach made by day schools for a bursary appeal than for a capital campaign. This may be because school fees within day schools are lower, therefore smaller donations are likely to make a difference more easily. Parents in day schools may also be more likely to give to a bursary appeal having seen the benefits of education provided to their children, particularly if smaller amounts donated are more easily making a difference to a child's education.

As in the table analysed for those targeted for capital projects, the percentage of day schools which are approaching targeted alumni remains low for bursary appeals. Although we reiterate here that our participating day schools have offices which are less established than those in boarding schools, the former pupils of day schools appear again to be an unpopular group to approach generally. In our last survey we found that day schools fundraise less from alumni than parents and this still appears to be the case. It may be that this is due to a weaker sense of nostalgia felt by the alumni of day schools than by the former pupils of boarding schools.

DAY SCHOOLS ARE RAISING AROUND THREE TIMES MORE FOR ENDOWMENT THAN THEY ARE FOR PAY AS YOU GO BURSARIES, WHEREAS THIS IS THE OPPOSITE IN BOARDING SCHOOLS

Bursary targets by type of school

The table below shows the median levels of target set for different types of school and the median levels of income which are being achieved, both for pay as you go and endowment bursaries. We use the median figure in this table as it is the middle figure of groups analysed and cannot be as skewed by abnormally high or low figures as the average figures can be.

Targets for bursary fundraising

TYPE OF SCHOOL	MEDIAN TARGET	WHAT IS BEING ACHIEVED	
		ENDOWED	PAY AS YOU GO
Boarding	£225k	£65k	£160k
Day/Boarding	£100k	£35k	£40k
Day	£105k	£76k	£24k

The data here suggests that targets set for bursary fundraising within day and day boarding schools are both similar and considerably lower than those set for development offices in boarding schools. Although we must take into account that the establishment of offices is less among our participating day schools than in the boarding schools, this gap is still significant and suggests that boarding schools have a confidence in this area which is not wholly reflected among their colleagues in day and day boarding schools. When we then look at the type of bursary fundraising which is taking place in different types of school, day schools are raising around three times more for endowment than they are for pay as you go bursaries, whereas this is the opposite in boarding schools. This is unsurprising, given how huge sums raised must be in order for a full boarding place to be funded by an endowment (where one can only spend the income). It is no wonder then that boarding schools are raising the majority of funds for pay as you go bursaries.

However, in order to put average targets set into perspective, it is important to take average fee levels within these schools into consideration, as, for example, the same monetary targets set for a boarding and a day school will clearly be able to fund a different number of bursary assisted places. Therefore in order for all schools to put their targets set into true context it is important to look at the data in the light of the average fee levels of participating schools. Participating boarding schools charged an average fee level of £26,400 per annum, day/boarding schools £19,410 per annum and day schools £14,250.

The data suggests that development offices in boarding schools are set a median target of £225,000 for their bursary appeals. Using their average fee level to put this target into context, on a 'pay as you go basis' this target level would fund an average of 7 pupils on 100% bursaries. The median target set for day/boarding schools is £100,000 and would cover 3 pupils on 100% bursaries at the average fee level of £19,410. Day schools are set a median target of £105,000, which covers the average fee level of £14,250 for an average of 9 day pupils.

It is the day boarding schools which appear to be failing to hit targets set for bursary fundraising, with total amounts raised equating to 75% of targets set. It may be that day boarding schools are struggling more to raise money for bursaries, as the fundraising messages being conveyed will inevitably have to change, depending on whether the prospective donors being approached are day parents/former pupils or boarding parents/former pupils. Although both will have reaped the benefits of the education provided by such schools, memories of the school's culture and biggest selling points may differ greatly between those associated with the school in a boarding context or a day context. This is not only a challenge facing day boarding schools when fundraising for a bursary appeal, but is in fact a challenge which will undoubtedly face such schools in fundraising for all types of initiative- we take our hats off to you!

Annual funds

Of our 187 participants, 84 development offices (49%) are seeking to raise money for an annual fund. This section seeks to establish the extent to which targets are set for this initiative and the levels of these targets by office and by type of school.

Annual fund targets

The table below explores the percentages of development offices raising for an annual fund which are set a target and the average level of targets that is set, split by date of office establishment

Annual Fund and targets by age of office

ESTABLISHMENT	PERCENTAGE FOR WHICH A TARGET IS SET	AVERAGE TARGET LEVEL	PERCENTAGE OF TARGET ACHIEVED
0-2	30%	£55,000	80%
2-5	55%	£55,000	97%
5-10	72%	£255,000	92%
More than 10	67%	£102,000	96%

Looking at the data, we can see that although the percentage of offices for which a target is set for an annual fund rises as they get more established, for the younger offices the target set doesn't change, remaining at an average of £55,000 for the first 5 years of establishment. There is then a sharp increase in the target set for offices which have been established for between 5 and 10 years. This data is in our view unsurprising, as offices are spending a lot of time in their first 5 years collecting information on prospective donors and building up the database. However, as an annual fund is normally raised for through smaller, regular gifts, it is of no surprise that once information is held for a large number of prospective donors on the database, the expectation is larger for the success of an annual fund than it might have been in earlier years. Looking at what is actually achieved by offices of different establishments, the data suggests that development offices are fundraising amounts which come closer to targets set for an annual fund than for any other fundraising initiative.

Those offices which have been established for less than 2 years are achieving a high proportion of targets set although a little lower percentage than their colleagues in the more established offices. It may be that targets set for the younger offices for this initiative are less realistic than for other offices.

Annual Fund and targets by type of school

TYPE OF SCHOOL	PERCENTAGE FOR WHICH A TARGET IS SET	AVERAGE TARGET LEVEL	PERCENTAGE OF TARGET ACHIEVED
Boarding	72%	£472,000	80%
Day Boarding	55%	£61,529	92%
Day	64%	£77,000	88%

Clearly the raising of substantial funds from smaller, more regular gifts, relies on a certain amount of information being held on the database for prospective donors. It may be that without such information, the start-up offices are struggling more to hit targets set for them for this initiative.

Looking at the percentage of offices for which targets are set and the average value of those targets split by type of school, it is clear that development offices in boarding schools have by far the highest expectations placed upon them. Interestingly, where one might assume that the day schools would have the lowest expectation upon them in terms of targets set, it appears to be the day boarding schools for which this is actually the case. Again this may connect to the understanding senior management have about the different approaches which need to be made by day boarding schools to prospective donors who have been connected to the school in either a boarding or day context, but there is no evidence to suggest that this is the case. Looking at what is being achieved by different types of school, the table shows again that all types of school are successful in this area, in particular the day/boarding schools which are achieving 92% of targets set. It is in fact the boarding schools which are furthest away from achieving the full targets set for them for an annual fund – although of course the actual amounts are much larger.

AS AN ANNUAL FUND IS RAISED THROUGH SMALLER, REGULAR GIFTS, ONCE INFORMATION IS HELD FOR A LARGER NUMBER OF PROSPECTIVE DONORS THE EXPECTATION FOR SUCCESS GROWS TOO

Who is targeted by type of school?

The table below shows the percentage of different types of school which are targeting specific alumni and parents in order to fundraise for an annual fund.

Annual Fund and targets by type of school

TYPE OF SCHOOL	TARGETED ALUMNI	TARGETED PARENTS
Boarding	45%	36%
Day/Boarding	29%	19%
Day	14%	16%

The data in this table shows that specific parents and alumni are predominantly approached by development offices in boarding schools and that this is much less the case for day boarding or day schools. This suggests that day and day boarding schools are, as with bursary appeals, adopting more of a 'blanket' approach to fundraising for this initiative i.e. these types of school are fundraising more with the use of a telephone campaign or direct mail sent to all contacts on the database.

Legacy society

Of the 187 participants to this survey, 55% have legacy societies up and running and 45% do not. The average number of members of legacy societies reflects the increase in focus on legacies as a potential source of income by development offices as they become more established.

The legacy societies of development offices within their first 2 years of operation had an average of 19 members and those of offices with an establishment of between 2 and 5 years had an average of 29. There are then an average of 50 members of legacy societies for development offices which have been established for between 5 and 10 years and for offices established for more than 10 years an average of 68 members belong to the legacy society. This suggests that legacy societies probably need around 20 members to get started and then grow by an average of between 5 and 10 members every year. However, by the very nature of legacy societies, schools should expect a certain proportion of members to be dropping off each year too!

This data would suggest not only that the focus on legacy fundraising and development becomes stronger as development offices become more established, but also that the ability to focus on this source of income more is facilitated by a fuller database, time spent over the years on research and the effective cultivation of relationships, all by a larger team of development staff and a more effective team structure of skills and responsibilities.

When we then look at the income which comes from legacies, it is interesting to compare the legacy income generated by development offices which have legacy societies to those which do not have them. Looking at the data for this, it would seem that the average legacy income generated by development offices which do not have a legacy society set up is £60,000 and the median legacy income generated by such offices is £8,000. When we the look at offices which have got a legacy society up and running, the average legacy income generated is £175,000 and the median income is £25,000. This suggests that having a legacy society seems to triple the amount of legacy income generated by development offices. What is also interesting is that those offices which have legacy societies spend on average only 4% of team time on running them. The average total department expenditure for offices which have a legacy society is £225,000.

This means that if we connect time spent to cost, the time spent on running a legacy society costs an average of around £9,000. When we look at the legacy income generated by these offices, it would appear that a median return on investment of 2.8 is being generated i.e. for every £9,000 spent comes £25,000 in income generated. Although having a legacy society appears to be a longer term venture for development offices, the data suggests that setting up and running a legacy society can be a very profitable use of time.

Conclusion on initiatives

Reflecting on the expectations and targets set and fundraising achievements made by development offices of different establishment and in different types of school, the clearest message stemming from this section is that unrealistic expectations made on development teams derive from a need by the school to build capital projects. All other expectations are driven by the ability of the team itself.

Consultants used for fundraising initiatives

Capital campaigns

During the academic year 2012/13, 82 out of our 187 participants were raising money for one or more capital projects and of these, exactly half used consultants to help with progress. The table below explores the percentage of offices at different levels of establishment which used consultants and for what services consultants were brought in.

Use of Consultants for capital fundraising					
DATE OF ESTABLISHMENT	NUMBER OF OFFICES WHO USED CONSULTANTS	WEALTH CHECKING	TELEPHONE CAMPAIGN	STRATEGY	FEASIBILITY STUDY
0-2	64%	72%	14%	14%	43%
2-5	44%	50%	20%	32%	50%
5-10	72%	26%	20%	33%	40%
More than 10	44%	42%	17%	33%	25%

As can be seen in the table, the group which used consultants the most were the offices which have been established for between 5 and 10 years and the majority of consultants used by this group were brought in to conduct a feasibility study. As this group of offices are fundraising for capital projects with the highest average value (see table on average cost of projects by office establishment), this figure comes as no surprise, as inevitably offices wish to explore the fundraising feasibility of large scale capital projects in order to set realistic fundraising targets and, looking at the table, this is the case for a similar proportion of development offices in each group, with the exception of the most established group of offices who will no doubt to some extent have a good idea of the feasibility of their projects, based on past experience.

The second largest group of consultant employers is the start-up development offices in their first 2 years. A high 72% of these offices have brought consultants in to conduct a wealth checking service. This again comes as no surprise, as at this stage there is probably not a huge amount of high-quality information held on the database by these offices on prospective donors. More importantly, judging by the average total cost of projects which are being fundraised for by these offices and the percentage of this total which is expected to be fundraised, it seems that hitting these targets would be nigh on impossible without some knowledge and understanding of prospective donor wealth. The size of projects being fundraised for by this group would also account for the 43% of offices which are employing consultants to conduct a feasibility study, which we feel is a justifiable move in ensuring that targets set are manageable.

Only a fifth of development offices which are employing the help of consultants are using them for a telephone campaign. When we look at the number of development offices which have run a telephone campaign to raise money for their bursary appeals, 96% used external consultants and of those running a telephone campaign to raise for an annual fund, 88% have done so with the help of consultants. This reflects the feeling in the sector that telephone campaigns sit far less well as part of a strategy to raise for capital projects than they do as part of a fundraising strategy to raise for any other initiative.

Bursary appeals and annual funds

When we look at the extent to which consultants are used by development offices for their annual fund or bursary appeals, the data shows that these initiatives are the two for which consultants are most commonly used. Of our 187 participants, 80 development offices have an annual fund and of these, 95% have used consultants to assist with it. What is interesting is that all offices which have brought consultants in for their annual funds have done so to run a telephone campaign. 88 out of 187 participants have launched a bursary appeal and of those, 98% have brought consultants in to help run a telephone campaign. This suggests that with the exception of one or two participating development offices, nearly all development offices undertaking either of these two initiatives see telephone campaigns as an appropriate and successful way of raising funds and see the benefits of using consultants to help run them.

Who gives and what do they give to?

Over the two years 11/12 and 12/13 an average of £72.5 million per annum was raised by participating schools. This income total represents around 60% of the sector's total fundraising income. The table below shows the proportion of income which was given by different groups of prospective donors.

Who gave	£M	%
Governors	£2.39m	3.3
Alumni & current parent	£2.97m	4.1
Alumni & former parent	£2.10m	2.9
Alumni	£16.53m	22.8
Current parent	£16.89m	23.3
Former parent	£3.98m	5.5
Sub Total	**£44.86**	**62.0**
Legacies	£16.77m	23.1
Organisations & Trusts	£10.87m	15.0
Total	**£72.5m**	**100.0**

The table above shows that the highest proportions of total income raised by our participating schools was donated by former pupils, current parents and legacy donors. The smallest proportion donated to participating development offices was from those who are both former parents and former pupils. This is surprising, as one would expect that a former pupil who has chosen to send their child to their former school would be more likely to give, based on a stronger connection to the school.

What they gave to	£M	%
Bursary Endowment	£9.64m	21.5
Bursary "Pay as you go"	£9.78m	21.8
Capital	£20.51m	45.7
Unrestricted	£4.93m	11.0
Total	**£44.86m**	**100.0**

Looking then at what fundraising income has been put towards almost half of total income, excluding income from legacies and trusts has been put towards capital projects. Similar amounts have contributed to 'pay as you go' bursaries as have fed bursary endowments and just over 10% has gone towards unrestricted purposes.

Focusing on major gifts

One school's major gift could easily be another school's routine gift and there is no simple way of categorising this area. However we retained the principle of "major gift" in our survey as it enables schools to compare the value placed on a major gift at their school to those placed on major gifts in similar offices.

What is seen as a major gift?

Looking at the data, the value placed on a major gift appears to rise consistently as offices become more established, reflecting a stronger confidence in fundraising which will inevitably derive from an increasing history in the cultivation of strong relationships and successful fundraising campaigns. Development offices in their first 2 years of establishment view a major gift as having an average value of £10,300. This value rises to £11,525 for those who have been open for between 2 and 5 years and £12,555 for offices established for between 5 and 10 years. The most established development offices view a major gift as having a value of £15,141, so those offices just starting out can take confidence from the fact that as development plans are integrated and relationships are cultivated, fundraising grows in success as offices grow in confidence.

Major donor lists

When we look at the percentage of offices which have a major donor list, it is clear that the percentage rises steadily as offices become more established. Around half of offices established for less than 5 years have a list of major donors and this figure rises to around two thirds of offices who have been established for more than 5 years. This data reflects a better knowledge of prospective donor wealth with the growth of office establishment, through the build-up of information on databases, wealth checking exercises and connections being made through events. The number of potential major donors on lists will clearly fluctuate between offices, so it is interesting to look at the total value of major donor lists in offices of different ages of establishment. The table below shows both the average and median values of major donor lists, split by office establishment.

Value of major donor list by age of development office

ESTABLISHMENT	MEAN	MEDIAN
0-2	£3110k	£870k
2-5	£1300k	£600k
5-10	£1795k	£1125k
More than 10	£5670K	£2000k

The data suggests that with the exception of offices established for between 2 and 5 years, both the median and average values of major donor lists increase as offices become more established. This is of no surprise, as clearly with a growing office establishment will inevitably come a greater knowledge of prospective donor wealth. However, for the offices which have been established for between 2 and 5 years, the value of major donor lists decreases. Reflecting on our time model which shows the activities undertaken by offices of growing establishments, this may be because between the second and fifth year, offices have dealt with the 'easy wins' i.e. those which are already known to be potential major donors and are now in the stage at which wealth checks and research on prospective donors is more formally taking place. Such research then informs the higher value of donor lists as offices reach their fifth year of establishment.

Expenditure and return on investment

In this year's survey, we asked participants to report office expenditure in two ways. Firstly, we asked for offices to split expenditure across a number of office cost areas, which are shown in the table above. We then asked development teams to split their costs across fundraising initiatives which have been undertaken over the past two years.

Expenditure

EXPENDITURE AREA	LESS THAN 2 YEARS %	2 TO 5 YEARS %	5 TO 10 YEARS %	MORE THAN 10 YEARS %
Salaries	71	69	65	63
Database/software/website	3	5	1	2
Hardware/office equipment	10	4	3	4
Training	1	0	1	1
Professional fees/legal	1	1	2	1
Consultants	1	1	1	3
Telephone	1	6	4	5
Hospitality and Events	0	2	2	3
Printing/stationery/postage	4	3	5	4
Overseas agents	2	2	5	6
Other development	2	2	2	1
Alumni relations	2	5	6	4
Non development	2	0	3	3
Total	100	100	100	100
Average expenditure per school 2014	**£45,000**	**£55,000**	**£140,000**	**£160,000**
Average expenditure per school 2012	**£43,000**	**£73,000**	**£110,000**	**£160,000**

Unfortunately only 12% of participants were able to split their costs across fundraising initiatives and were from very different schools and development offices, so we are unable to present the split of costs in this way. Looking then at the table above, the data shown is fairly predictable.

As can be expected, the biggest cost to all development offices is salaries. The percentage of total expenditure on staff salaries reduces slightly as offices become more established, although the actual cost of salaries grows. There is a significant increase in the cost of salaries in offices established for more than 5 years and the cost of other areas, such as overseas agents also increases slightly with a growing establishment of office.

Return on investment – the overall view

The return on investment generated by development offices has been covered in a number of different ways throughout this report. This section looks at the overall picture, looking at the percentage of participating schools which are generating certain levels of ROI, split by date of office establishment.

By presenting the data in this way, participating schools are able to see how the return on investment they are generating compares with the ROI generated by other offices. We have presented the data in two tables below. The first looks at the return on investment generated by offices including legacies and trusts and the second excludes income from legacies and trusts. This is because the ROI's can be skewed by large donations from these sources. Of course, at the end of the day, fundraising income is fundraising income, so in our view it is important to look at this most important area of the survey in both ways.

Return on investment by date of establishment (with and then without legacies and trusts)

With legacies and trusts									
DATE OF ESTABLISHMENT	AVERAGE ANNUAL EXPENDITURE	LESS THAN -0.5%	-0.5% TO 0%	0% TO 0.5%	0.5% TO 1	1 TO 2	2 TO 3.5	3.5 TO 5	ABOVE 5
0-2	£48,000	24%	29%	9%	8%	2%	8%	6%	14%
2-5	£55,000	25%	16%	5%	8%	8%	16%	0%	22%
5-10	£140,000	12%	13%	13%	2%	11%	10%	13%	21%
More than 10	£160,000	5%	9%	7%	11%	20%	14%	20%	14%

Without legacies and trusts									
DATE OF ESTABLISHMENT	AVERAGE ANNUAL EXPENDITURE	LESS THAN -0.5%	-0.5% TO 0%	0% TO 0.5%	0.5% TO 1	1 TO 2	2 TO 3.5	3.5 TO 5	ABOVE 5
0-2	£48,000	60%	13%	9%	0%	0%	6%	0%	12%
2-5	£55,000	28%	22%	3%	16%	16%	3%	0%	12%
5-10	£140,000	18%	24%	19%	9%	8%	11%	11%	7%
More than 10	£160,000	10%	15%	17%	11%	17%	11%	14%	5%

FUNDRAISING SUCCESS IS FAR MORE DEPENDENT ON INITIATIVES UNDERTAKEN BY DEVELOPMENT TEAMS, AND THE WAY IN WHICH TEAMS ARE STAFFED AND STRUCTURED THAN IT IS ON SIMPLY THE TYPE OF SCHOOLS WHICH ARE RAISING THE MONEY

The table shows that, when we exclude income from legacies and trusts, 75% of development offices generated a negative return on investment in their first two years of establishment. Even if we refer to the table which includes income received from these sources, over half of offices in their first two years are losing money. This position improves slightly (but not that much) as they grow to an establishment of between 2 and 5 years, with ROI's remaining negative for nearly half of offices in this stage, whether or not income from trusts and legacies is included. However, around 38% of offices in their first 5 years of establishment do make a positive return on investment and just under a third of these make a return of investment that is over 5.

However, once development offices surpass their fifth year of establishment, the data shows that returns on investments nearly treble in value, reflecting a real success in fundraising among offices which have been established for between 5 and 10 years, especially when we include income sourced from legacies or trusts. This is partly reflective of the greater investments made into development offices at this stage. However, when we exclude income from trusts and legacies, the table suggests that 42% of these offices are still making a loss, suggesting that income from these sources is at this stage a fairly large contributor to fundraising success. When we look more closely at the offices losing money during this phase, it is interesting to see that only a fifth of development offices making losses are running a capital campaign.

Nearly all offices making a negative return are running an annual fund or a bursary appeal and this suggests that such campaigns are at this stage failing to cover the cost of running development offices sufficiently. It may be that these particular offices are in a quiet or planning stage of a capital campaign. Those which are fundraising for capital projects appear to be making an average return on investment of 2.5. The data therefore suggests that the majority of offices established for between 5 and 10 years are justifying and covering costs through fundraising for capital campaigns. To put this into further context, there were only two offices making a positive return on investment in this group who were not running a capital campaign.

This suggests that in the majority of cases, it is more difficult to justify the costs of running a larger department in these years, solely through the running of an annual fund or bursary appeal, maybe unless the development office has been set up with the sole focus of fundraising for bursaries, as such a focused message in itself brings with it far greater fundraising potential.

It is more sensible to include the income from legacies and trusts when we look at return on investments generated by offices established for more than 10 years, as clearly there will have been a sufficient cultivation of relationships with both sources by this stage. Half of these schools are now making a return on investment of more than 2.0. Looking at those offices in this group which were making losses, only one development office was running a capital campaign and of those offices which were running a capital campaign, only one office was losing money. This suggests that virtually all development offices which are running capital projects in this group are making money and half are actually doubling their income through undertaking such initiatives.

One might expect that return on investments might fluctuate by type of school, but this does not really appear to be the case. We found that schools of all type are generating a wide range of ROI's and there is no clear pattern. This suggests that fundraising success is far more dependent on initiatives undertaken by development teams, the way in which teams are staffed and structured and investments made into those offices, than it is on simply the type of schools which are raising the money. However, there is evidence to suggest that both girls' day schools and prep schools face greater challenges in terms of fundraising for all initiatives and this was a key message which derived from our 2012 survey. If you would like to explore the challenges which face these types of schools in further detail, please refer to our 2012 report which can be downloaded from our website.

Baines Cutler Solutions Ltd ("BCS")

Baines Cutler Solutions provides schools with information and solutions. We are a consultancy business specialising in carrying out surveys, consultancy and advisory work for independent schools and academies.

Our surveys provide schools with the most authoritative information available today in the areas of school finances, teacher and senior staff salaries and benefits and fundraising and development. Each of our surveys is written after extensive research including meetings with large numbers of schools. We work with the leading sector organisations to ensure that the results meet the needs of their members. We then work with schools to develop and improve the surveys over the years. It is this emphasis on detailed research and continuous improvement which has meant that our surveys are inevitably the first point of reference for schools seeking information to support and inform their business decisions.

Our research and the data we collect give us unique insights into school finances and practices. It is this which makes us leading advisors in our chosen areas. It also places us in the best position to help our clients understand and improve the effectiveness of their schools as businesses. In consultancy work we draw on our experience and, more importantly, the facts deriving from our surveys when advising any school. We understand that every school is different and therefore the solutions for each school are also different. This is what makes our work valuable and from our point of view so enjoyable.

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