This is to certify that the

dissertation entitled

Marketing Strategies by
Higher Education
for Corporation Fund-Raising

presented by

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has been accepted towards fulfillment
of the requirements for

Doctorate degree in Philosophy

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Date February 23, 1993

MARKETING STRATEGIES BY HIGHER EDUCATION FOR CORPORATION FUND RAISING

By

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A DISSERTATION

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Educational Administration

1993

ABSTRACT

MARKETING STRATEGIES BY HIGHER EDUCATION FOR CORPORATION FUND RAISING

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For decades, corporations have been solicited by colleges and universities to support higher education. The researcher believes that marketing strategies and techniques increase the effectiveness of higher education fund raising with corporations. Therefore, the critical question addressed in this study was whether and how colleges/universities use marketing strategies and/or techniques as part of the institution's corporate fund-raising program.

Seven public, four-year and seven private, four-year Michigan colleges/universities were the focus of this study. The data collection was conducted by interviewing each institution's corporate fund-raising representative using a 25-item questionnaire.

Data from the interviews were collated, compiled, and presented using descriptive statistics with graphs, frequency tables, and percentages. The analysis included the concept of variance, which was used to further analyze data from six selected items from the questionnaire.

The study revealed that the private institutions are better organized and more sophisticated than the public institutions in

their fund-raising efforts. Also, corporations tend to contribute to institutions offering programs that benefit their company. Often, the size of the institution and program diversity are important factors when corporations are solicited by college/ university representatives for corporate contributions. Corporations generally contribute to private institutions that have developed a quality reputation with the corporation. In the case of both public and private colleges/universities, the institutions that have been successful in corporation fund raising have developed linkages with corporations.

Dissertation chairperson: Dr. Eldon Nonnamaker

ACKNOWLEDGMENTS

My doctoral studies could not have been completed without the support and encouragement of colleagues, friends, and family. The following people deserve my recognition for their contribution to this dissertation.

Dr. C. M. Lange, who supported my efforts with her patience, persistence, and words of encouragement.

Les and Minnie Apsey, my parents, who were always supportive, interested, and excited about the prospect that I would achieve my goal.

My sons and daughters, who sacrificed some of our time together so that their father could complete his academic goal.

Tina Schmidt Apsey, my spouse, who deserves special recognition for her thoughtfulness, her motivating influence, and inspiration to complete this process.

A special note of gratitude is offered to Dr. Eldon Nonnamaker for guiding me, technically and spiritually, through the coursework and dissertation into his first six months of retirement. Also, my thanks to B. K. O'Neil and to J. and M. Holliday for their contributions to the writing phase of the dissertation.

To all of you and many others, thank you for believing in me. Your inspiration became my inspiration!

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CHAPTER I

THE STUDY

Introduction

Fund raising by postsecondary institutions is an absolute necessity (Gordon, 1987). Funding sources have not been available to the degree they were before 1980. The State of Michigan is a prime example of a state in which appropriations to state-supported colleges and universities have failed to meet the needs of educational institutions (Hines, 1990). In the appropriation of state tax revenue per annual full-time equivalent student in public higher education, Michigan has fallen from the twenty-fourth position in 1977-78 appropriated dollars to thirty-second in 1988-89 (Halstead, 1989). In the appropriations of state tax funds for higher education operating expenses, Michigan is ranked fiftieth out of the 50 states from 1980 to 1990 (Hines, 1990).

In an attempt to make up the difference between operating costs and funding sources, colleges and universities are asking corporations to contribute toward the development, support, and/or enhancement of their academic programs. Corporations' contributions to colleges and universities are not a new phenomenon, but an activity that is gaining importance in the offices of development in colleges and universities. Furthermore, federal and state government leaders have encouraged the support of college and university programs through corporation contributions.

Mutually beneficial relationships between corporations and higher education institutions increase the potential opportunities for financial support to the college/university. One example of this cooperation is the combined effort that is necessary between corporations and education to produce a skilled work force by the year 2000 (Loiacono, 1990). The assistance that colleges and universities give to corporations with the development of the work force those companies need becomes one method of cultivating corporation support. In this study, the researcher investigated some marketing strategies/techniques that development officers might use to raise funds from corporations. The marketing strategies/ techniques studied are those that appear in the literature as acceptable strategies to be used by development officers for institutional fund raising.

Statement of the Problem

For decades, corporations have been solicited by colleges and universities to support higher education. A variety of approaches have been used to raise funds for higher education institutions. Such institutions have used some of the more common methods of fund raising, such as direct mailings, telephone calls to arrange personal visits, and proposals to foundations outlining the fund-raising project. Although institutions of higher education have long engaged in a variety of fund-raising efforts, in general, they do not apply marketing strategies to the process of corporate fund raising. Strategic planning that incorporates marketing strategies and techniques would increase the effectiveness of fund-raising efforts (Kotler & Andreasen, 1987).

The Office of Development usually serves as the department in the college/university that is responsible for raising funds that can be used to support designated programs. College/university development officers are charged with identifying qualified and interested contributors to their college/university through a technique known as prospect research. Prospects that become contributors usually have their funds directed toward established goals of the institution.

To bring a prospect to a level of giving may involve marketing strategies and techniques. Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives (American Marketing Association definition). The significant question that was addressed in this study was whether and how colleges/universities use marketing strategies or techniques as a part of the institution's corporate fund-raising program.

Purpose of the Study

In reviewing the literature, the researcher became increasingly interested in the role of marketing strategy in the field of fund raising. The researcher became aware that college and university development officers should develop institutional marketing strategies that are unique to their institutions. The marketing strategies that are developed should be congruent with the mission statement and goals of the institution. After the marketing strategies are in place, the marketing techniques are identified, developed, and implemented to conduct the corporation's fund-raising effort.

According to the literature, the development officer who has developed a marketing strategy and techniques is prepared to conduct corporation fund-raising activities. Furthermore, the written marketing strategies and techniques afford a basis from which to evaluate the process of corporate fund raising.

The researcher's purpose in this study was to determine whether Michigan public and private four-year colleges and universities use marketing strategies and techniques to raise funds from corporations. Does each of the Michigan four-year public and private colleges and universities interviewed have a marketing strategy for corporate fund raising? Are marketing strategies and techniques used in the planning process to approach corporations for a contribution?

Research Questions

The following questions were formulated to conduct the study on marketing strategies used by higher education institutions for corporation fund raising. From the following questions, a questionnaire was developed to interview development officers.

1. Is there a relationship between the institution's mission statement and the marketing strategies/techniques of the development office?

2. Are there certain identifiable marketing strategies and marketing techniques used by Michigan's public and private institutions in corporation fund raising?

3. How much money is available to operate the corporate fund-raising office?

4. What amount of money is raised through corporation contributions?

In this study, the researcher investigated two types of marketing strategies: benefit-cost and social-behavior marketing. By using benefit-cost marketing, fund raisers can estimate the cost of trying to raise funds and compare that cost to the estimated benefit to the institution. A particular program is considered worthwhile when the benefits of the program exceed its costs (Kotler & Andreasen, 1987).

In social-behavior marketing, the fund raiser tries to influence the giving behavior of the potential contributor. It is the area of marketing that, in principle, is the most customer centered. Social-behavior marketing provides an effective conceptual system for thinking about the problems of bringing about changes in the ideas or practices of a target public (Kotler & Andreasen, 1987).

Methodology

For this study, an experimentally accessible population of 30 Michigan colleges and universities was used (15 state-supported universities and 15 four-year private colleges/universities). From this population, a random sample of 14 institutions constituted the study sample (seven public and seven private). The 15 public four-year institution population was pre-established by the number of four-year public institutions in Michigan.

Before a sample of seven private institutions could be selected, 15 private institutions had to be identified to complete the study population. The Carnegie System of Classification was used to select the private institutions for the study. In the Carnegie System of Classification, 15 institutions were classified as Liberal Arts I and II institutions. These 15 institutions met the researcher's criteria of private four-year liberal arts institutions in Michigan.

The 15 public and 15 private institutions were listed on equal sizes of paper. The pieces of paper were folded, drawn at random, and assigned numbers. The private colleges were listed as 00 to 14. The state universities were numbered 50 to 64. A table of random numbers was used to randomly select the seven private and seven public institutions to be visited.

A questionnaire was developed to obtain specific information from development officers who represented the 14 colleges/ universities. The questions were designed to gather demographic, marketing strategy, marketing technique, marketing evaluation, and budgetary information.

A personal interview was determined to be the method most suitable for collecting the data. Consequently, the researcher conducted 14 personal interviews with development officers at 14 different four-year institutions.

This empirical study was intended to be practical and significant to college/university fund raisers. The data from this study were a mixture of quantifiable and nonquantifiable data. Therefore, the emphasis was placed on using descriptive statistics for nonquantifiable data and data analysis for quantifiable data. An analysis was performed by comparing size and type of institution, marketing strategies used by public versus private institutions, corporate fund-raising staff size, corporate office operating budgets, the methods used to evaluate the fund-raising effort, and monies raised through corporation contributions.

Limitations

The study was delimited to Michigan's 15 public and 15 private four-year institutions of higher education. The sample of 14 colleges/universities in the study was representative of Michigan higher education institutions. The chosen institutions served in lieu of researching a larger sample.

In this study, only corporation fund raising was studied. Other methods of fund raising commonly found in the college/

university development office (annual fund, foundations) were not included in this study.

Some development officers were unfamiliar with the marketing-related terminology. To facilitate those situations, the researcher provided the respondents with definitions of key terms. These definitions helped the respondents answer the questions with understanding and clarity.

By design, some questions on the questionnaire elicited nonquantifiable responses. Therefore, the responses were compiled and categorized by similarity of response.

Definition of Terms

The following terms were used in the questionnaire and in the text to describe marketing concepts. A copy of the definition of terms was given to every interviewee before the interview.

Advertising: a nonpersonal form of communication conducted through paid media under clear sponsorship.

Benefit-cost analysis: a marketing program that could be chosen to assess the feasibility of conducting a fund-raising campaign.

Corporation: a body of persons granted a charter legally recognizing them as a separate entity having its own rights, privileges, and liabilities distinct from those of its members.

Expense/contribution ratio: the difference between an institution's expense to acquire a contribution and the amount contributed by corporations. Institutions' expenses may be within a range of 5% to 20% to achieve their contribution goal.

Four P's of marketing: product, price, place, and promotional services.

Fund raising: a development activity whereby educational institutions build up different classes of loyal donors who give consistently and receive benefits in the process of giving.

Marketing: the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives (American Marketing Association definition).

Marketing audit: a comprehensive, systematic, independent, and periodic examination of an institution's marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the institution's marketing performance.

Marketing information system: a continuing and interacting structure of people, equipment, and procedures designed to gather, sort, analyze, evaluate, and distribute pertinent, timely, and accurate information for use by marketing decision makers to improve their market planning execution and control.

Market segmentation: dividing a market into distinct and meaningful groups of consumers who might merit separate products and/or marketing mixes; segments of intragroup similarities and intergroup differences.

<u>Marketing strategy</u>: the fundamental marketing logic by which an organizational unit intends to achieve its marketing objectives. Marketing strategy consists of a coordinated set of decisions on (a) target markets, (b) marketing mix, and (c) marketing expenditure level.

<u>Mission statement</u>: a statement that describes an institution's purpose, ideals, and ambitions.

<u>Positioning</u>: an advertising term that means to create thoughts about the product in the mind of the prospective donor. It usually involves a change in a person's mind. Also, in higher education, positioning indicates how one wants the institution to be perceived by the audiences to whom the appeals are being directed.

<u>Promotion</u>: a part of marketing; it is the communication of information between seller (institutions) and buyer (corporation) to influence attitudes and behavior.

<u>Public relations</u>: the management function that evaluates the attitudes of important publics, identifies the policies and procedures of an individual or an organization with the public interest, and executes a program of action to earn understanding and acceptance by these publics.

<u>Revenue maximization</u>: the total revenue equals the average price charged, multiplied by the quantity sold and donations plus grants.

<u>Social-behavior marketing</u>: the design, implementation, and control of programs calculated to influence the acceptability of

social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research.

Strategic planning: a process of developing and maintaining a strategic fit between the institution's goals and capabilities and its changing marketing opportunities.

Organization of Subsequent Chapters

Chapter II contains a review of literature on the subject of marketing strategy for corporate fund raising. A series of periodicals and selected texts were used as literature sources.

Chapter III contains a discussion of the research methodology and the design of the study. The contents of this chapter expand on the methodology identified in Chapter I.

Results of the data analysis are presented in Chapter IV. The analyses by frequency of distribution, percentages, and comparative data are presented in this chapter.

The concluding chapter contains a summary of the study, findings and conclusions, suggestions for future research, and reflections.

CHAPTER II

REVIEW OF RELATED LITERATURE

Introduction

The literature reviewed in this chapter is directly related to the areas identified in the questionnaire. Through the process of literature review, the researcher became aware that marketing strategies are only a portion of a larger program, namely, a marketing plan.

In this chapter, the researcher discusses the subjects of corporation fund raising, mission statement, marketing strategy, benefit-cost marketing, social-behavior marketing, the four P's of marketing, marketing segmentation (demographics, geographics, psychographics, and volume), corporation prospect development, marketing evaluation, corporation contributions/institutional expenses, and public relations. These subjects are directly related to the questionnaire and personal interviews that were conducted at 14 institutions.

Few studies have been done on the topic of marketing strategies used for fund raising to corporations. Using marketing strategies in fund raising is a relatively new activity for institutions of higher education. However, marketing strategy appears to be reaching a more significant place in the organizational structure of colleges/universities.

It is generally understood that there are certain characteristics that institutions have in common: (a) institutions depend on the support of business/industry and individuals (alumni and nonalumni) in their geographical region for support, and (b) there is close interaction between the college/university and the community. Institutions tend to establish rapport with the community that encompasses their geographic region (Kotler & Andreasen, 1987).

A logical and frequent source of private funds for higher education has been business/industry. Higher education institutions frequently pursue, from the private sector, contributions that could be used to enhance services or programs of the college/university (Alexander, 1988).

Corporations tend to contribute to colleges/universities at the regional or state level. The reputation of the institution is a significant factor in corporate giving. Private institutions tend to lead public institutions in private or corporate fund raising. Furthermore, contributing corporations often employ the graduates of institutions to which they contribute (Brittingham & Pezzullo, 1990).

Loison (1989) explored specific factors that influence corporate foundation support of higher education. In this study, Loison identified two reasons why corporations consider contributions to higher education institutions. Most corporations consider their contribution an investment in the future. Also, there is an underlying need for the corporation to maintain its image in the community or region.

Corporation Fund Raising

In Rubini's (1989) study, selected private-college respondents supported the hypothesis that development officers have a limited knowledge of marketing concepts. Several factors for that hypothesis surfaced as a result of the data-gathering interviews. It was determined that most institutions in the study did not understand marketing concepts, were not committed to the practice of marketing concepts, and did not possess the institutional integration necessary to practice marketing concepts.

Further data are available to support the premise that marketing is not well understood or used by higher education administrators--namely, development officers. Development officers tend to hold a similar sophistication, or lack thereof, in marketing. Predictably, an increase in a person's awareness and use of marketing would benefit the staff (Sago, 1989).

Positioning (promoting image) of the institution in the marketplace often is not done. Institutions seem unwilling to promote a uniqueness that would distinguish one institution from another. This could become part of their marketing strategy by promoting the institution and developing public relations activities (Lord, 1985).

There are several valid reasons for increasing corporate support of higher education institutions. There is an ever-increasing dependence on each other for mutual success (Moore, 1985). Corporations continue to depend on colleges/universities for their personnel needs. Business/industry needs a well-educated, trained work force (Loiacano, 1990). This is evidenced by a recent trend for corporations to financially sponsor students from economically and/or culturally deprived backgrounds through an educational process.

Former President Reagan encouraged the involvement of corporations with higher education. In 1981, a tax-law revision doubled the deduction for charitable activities to 10% of the pretax profit. Corporations have not reached that level of support, but contributions have increased during the past six years (Moore, 1985).

Industry has turned to colleges and universities for research assistance. With the effect of foreign competition on the American economy and the reduction of government-funded research, higher education institutions have been the resource of choice.

The rapid change in technology has created a primary need for continuing education. Training, retraining, and advanced education are critical to industry. Many companies have established their own programs and seek assistance from colleges/universities for personnel and program support. Some colleges/universities have developed their educational programs to deliver directly to corporations (Moore, 1985).

The proportion of private institutions of higher education will continue to decline and the ratio of students in public institutions of higher education will increase because of widening tuition gaps and the improving quality of academic programs and facilities available at public institutions. It seems likely, therefore, that public institutions will command a greater share of corporate attention as industry seeks to meet its needs for trained personnel and research data (Moore, 1985).

Another reason for the new partnership is America's rapid transition to an information and service society. The work force is shifting from a manufacturing base to an information and service base. As societal needs change, so do the needs of industry. Corporations are providing the financial support, equipment, and other forms of service to colleges/universities to meet those needs (Moore, 1985).

It is becoming increasingly evident that corporate support for higher education is keenly competitive. The corporate dollars will flow to the institutions whose programs are producing the personnel and the knowledge that industry requires.

Recent changes in society (i.e., company mergers and acquisitions and an attitude of who is supposed to do what) are making it difficult for corporations to think philanthropically. Therefore, the Council for Corporate Leadership Project (a corporate executives support grant) will concentrate on urging corporate executives to pay more attention to philanthropy and to make charitable giving by corporations play a more important role in society ("Companies' Once-Strong Support," 1988).

Corporations will become much more sophisticated in their charitable-giving programs and research-contract facilities (Moore, 1985). In the past, many companies assigned the responsibility for this function to an array of divisions and the departments within the organization in a manner that best suited their particular situation at the time. Frequently, the people who managed the effort were not prepared by training, experience, or company mandate to develop and carry out funding policies of any kind in a systematic way. More corporations will focus their giving policies sharply and will assign first-rate executives to manage the process. Traditional management tools of planning and evaluation will be used in corporate-giving programs just as they are in other corporate activities. The corporate-giving officer will become, more and more, a full participant on the top-management team. The philanthropic assets of the company will be invested with the same professionalism as other company assets ("Experts Predict," 1988).

All of this means that a larger share of the available corporate dollars will go to those institutions that approach their corporate-relations programs with the same high degree of professionalism. There must be an institutional commitment to such a program as a matter of serious and settled policy. Policies must be set; adequate professional staff must be assigned and trained; specific needs must be identified, and goals must be set in priority order. The very best volunteer leaders available must be selected carefully, invited properly, oriented thoroughly, assigned specific tasks, and provided complete staff services. Prospect research must be exhaustive, ongoing, and immediately retrievable. Corporate representatives must be involved in the life of the institution in all appropriate ways that encourage two-way movement in settings congenial to both. Finally, corporate support must be sought aggressively in all forms that are appropriate to the public institution ("Experts Predict," 1988).

Increased support from corporations will flow to those institutions that tell their institutional story best--not through dazzling productions and the deft use of the public relations airbrush, but through the professional marketing of their strengths (Moore, 1985).

In essence, it is important for colleges/universities to develop linkages with corporations through educational programs that provide personnel to the corporation or continuing education services that will improve the company's work force. Colleges/ universities should accept the challenge of developing marketing strategies necessary to foster the relationship between higher education and the corporation.

Mission Statement

A logical place to begin planning a marketing strategy for corporate fund raising is with the mission statement. Traditionally, institutions of higher education have created mission statements that are editorial attempts to define an organization and its purpose, ideals, and ambitions--its *raison d'etre* (Topor, 1983).

Understandably, one necessary ingredient for corporation fund raising to succeed is to have a well-written mission statement for the institution (Topor, 1983). Most mission statements are created by people who have had little marketing experience, and they tend to be written with broad philosophical and ethical objectives. Often, one institution's mission sounds like another's (Topor, 1983). The best-written mission statements describe (a) the academic identity of the institution and its curricular programs, (b) the institution in relation to other institutions, (c) the educational philosophy maintained by the institution, (d) the specific educational aims in relation to target markets, and (e) the educational purpose of the institution (Topor, 1983).

An institution must know its purpose and where it is going. Yearly goals and objectives should exist in writing and be clearly known to the development officer. The development office personnel are responsible for interpreting the objectives of the institution to all constituencies. The goals--both long range and short range--need to be inclusive and comprehensive. They must be consistent with the policies and regulations of the institution's board of trustees (Kotler & Andreasen, 1987). Furthermore, an institution should strive for a mission that is feasible, motivating, and distinctive, and should avoid a "mission impossible" (Kotler & Fox, 1985).

Corporations generally are receptive to contributing to those institutions that have a well-defined mission statement. Often, corporations give to an institution because they support the mission of the college/university.

Marketing Strategy

Marketing strategy is one significant component of the marketing planning process for the development office. In this planning process, an analysis of the development office's strengths, weaknesses, opportunities, and threats must be made. From this analysis, audit, and market research, assumptions can be made about the institution (Hansler, 1988).

Based on the institutional assumptions, marketing objectives can be formulated. After establishing the marketing objectives, the marketing strategy is developed for achieving the institution's corporation fund-raising objectives.

Therefore, marketing strategy becomes the fundamental marketing logic by which an organizational unit intends to achieve its marketing objectives. Marketing strategy consists of a coordinated set of decisions on target markets, marketing mix, and marketing expenditure level (Kotler & Andreasen, 1987).

The institution's development officer should introduce demographic criteria for analysis, which would assist in identifying the most attractive target market. The pre-established criteria could be used to rate the various markets. Markets (corporations) receiving the most significant response could be selected by the development office personnel for their fund-raising effort (Kotler & Andreasen, 1987).

The marketing mix is an important strategy for the development office personnel in their pursuit of corporation contributions. Decisions must be made about how the targeted corporations will be contacted. For some corporations, a direct-mail campaign would be appropriate. The strategy for other corporations could be personal contact by telephone and/or in person (Kotler & Fox, 1985). These are strategy decisions the development office personnel need to make.

Marketing strategy also requires deciding on the marketing expenditure level (Kotler & Fox, 1985). The development officer must decide what the acceptable expenditures will be to receive a corporate contribution. The benefits-cost marketing strategy is one that could be used in reaching the decision about marketing expenditure level.

Development officers should approach corporations with well-designed fund-raising goals and objectives. Most corporations, particularly those with a strong interest in a specific university, want to know the priority that the institution attaches to a particular request. The corporation may have a preference. Working with the corporation in a straightforward manner on a grant request will pay dividends in the long run (Kotler & Fox, 1985).

It is important to the corporation fund-raising process that the institution (development office) has done a thorough review of the institution's strengths, weaknesses, opportunities, and threats.

Scrutiny of the institution must take place before the marketing objectives and strategies can be developed.

Benefit-Cost Marketing

Benefit-cost marketing is the budgetary component of the fund-raising marketing strategy. It is a method of making a calculation to determine the feasibility of undertaking a particular fund-raising program, i.e., soliciting certain corporations.

Benefit-cost analysis suggests which important factors in the corporation fund-raising process should be considered and what information is needed. It introduces relevant data into what otherwise would be a wholly subjective art of decision making. Benefit-cost analysis should attempt to measure the benefits and the costs expected. The benefits are all the contributions that will be made to the organization's objectives. The costs are all the deductions that are required from alternative organization objectives. A program is considered worthwhile when its benefits exceed its costs (Kotler & Andreasen, 1987).

To be cost effective in marketing programming (marketing strategy development), an organization must face the following four issues: (a) How can the organization choose among competing marketing programs? (benefit/cost analysis), (b) What marketing/financial objectives should be pursued? (detailed goal specification), (c) How much should the organization spend on marketing? (optimal marketing expenditure level), and (d) How can the organization determine the best mix of marketing tactics?

(optimal marketing mix). Generally, the benefit-cost ratio is the most rational criterion because it shows the productivity of the funds. Benefits that can be measured in dollars are the easiest to handle (Kotler & Andreasen, 1987).

Identified benefits tend to fall into three groups: (a) monetarily quantifiable benefits--benefits whose total value can be expressed in dollars, (b) nonmonetarily quantifiable benefits--benefits whose total value can be expressed in some specific nonmonetary but numerical measure, such as "lives saved"; and (c) nonquantifiable benefits--benefits whose total value cannot be expressed quantitatively, such as amount of happiness created or beauty produced (Kotler & Andreasen, 1987).

The benefit-cost ratio does not eliminate the subjectivity of estimating potential benefits of the corporation fund-raising effort. However, it does give the development office sufficient information with which to develop a marketing strategy.

Social-Behavior Marketing

Social-behavior marketing is the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research. Social-behavior marketing is a more sophisticated approach incorporating social advertising and communication that combines informational, economic, and technological approaches to influence behavior change (Kotler & Andreasen, 1987).

Social-behavior marketing differs from service and product marketing in two basic ways: The marketing entity has a major interest in maximizing its own returns, and the money is paid by the consumer for something he or she can personally consume. Social-behavior marketing implies that the social marketer is largely motivated by a desire to benefit others. Social-behavior marketing, in principle, is the most customer oriented.

Social-behavior marketing is not the panacea of marketing. Social-behavior marketing is believed to have been founded on sound marketing approaches and techniques. However, there are identifiable situations in which recipients have been unfairly judged and discredited. Strategic marketing is important to the successful implementation of social-behavior marketing.

Social-behavior marketing contains four critical elements. The first is marketing research as a way to learn about the market and the probable effectiveness of alternative marketing approaches (Kotler & Andreasen, 1987).

The second element is offer development. There may be several quality products or services in existence, but the social-behavior marketer searches for the best offer to meet the customer's need (Kotler & Andreasen, 1987). Corporations may be asked for a contribution to the endowment program, but the corporation may have a greater interest in a scholarship program. Therefore, the college/university would offer an opportunity to participate in a scholarship program.

The use of incentives is the third element. Social-behavior marketers design specific incentives to increase the level of motivation. This element could be analogous to a donor-recognition program, whereby the recognition becomes the incentive for the corporation's contribution (Kotler & Andreasen, 1987).

The fourth recognized element is a concern for response channels. The marketer realizes that people making a change in their behavior must invest time and effort (Kotler & Andreasen, 1987). The social-behavior marketer is keenly aware of the need to develop convenient and attractive response channels to complement the communication channels. Through cultivation efforts, corporations may find it convenient to contribute to a college/ university. This behavior could continue through appropriate cultivation.

Social-behavior marketing is a method of planning for a desired social change. It is understood that changing behavior is difficult. If the individual or group has high involvement, if it is a group decision, and if the behavior is continuing, there is an opportunity to change behavior.

Information from social-behavior marketing has a direct influence on corporate giving. The development officer should build a case for supporting the production of a well-thought-out proposal, accurate donor research, and quality solicitation.

The Four P's of Marketing

Social-behavior marketing involves the four P's of marketing: product (specific program), place (physical location), promotion (media, publicity, public relations), and pricing strategy (restricted/unrestricted gifts). Social-behavior marketers think in exchange terms rather than solely in persuasion terms (Topor, 1983).

Furthermore, marketing decisions are based on McCarthy's (McCarthy & Perreault, 1990) four P's of marketing mix (product, place, price, promotion) (Hockenberger, 1988). Product pertains to any program offered by the institution, i.e., athletics to research. Place includes, but is not limited to, where institutional programs are available. It could involve the time of day, on-campus and/or off-campus, or programs delivered to the corporation site. Price could influence the type of contribution made by a corporation. Corporations are free to determine the type and amount of the gift. The contribution could be restricted, i.e., scholarship, or given as an unrestricted gift. In either situation, the institution is obligated to honor the designation of the gift by the corporation. Finally, promotion involves the communication of information between the institution and corporation to influence attitudes and behavior. The activities in promotion are advertising, public relations, direct mail, direct solicitation, and other forms of communication.

The expected outcome of social-behavior marketing, the four P's, and positioning is to change the attitude or behavior of the corporation (to favor the institution). Therefore, it is important to incorporate these strategies into the corporation fund-raising program.

Market Segmentation

Market segmentation involves dividing a market (corporations) into distinct and meaningful groups of consumers that might merit separate products and/or marketing mixes (Kotler & Fox, 1985). Segmentation considers segments of intragroup similarities and intergroup differences.

For purposes of this study, four segments were chosen as examples to elicit information from corporate fund raisers: demographics, geographics, psychographics, and volume. These segments are not exclusive, but rather are potential categories of market segmentation for purposes of corporation fund raising (Kotler & Fox, 1985).

Demographics segmentation involves dividing the market into groups based on size and type of company (Kotler & Fox, 1985). The strategy is to find some homogeneity between two institutions (education and corporation) from which a relationship could be cultivated.

In geographic segmentation, corporate fund raisers may conduct cultivation and solicitation activities in their geographic regions. For some institutions, that may mean the region located around the college/university; for others, it might mean a statewide and/or national effort.

Psychographics (social class) means that companies are grouped by the social structure of the institution they might support (Kotler & Fox, 1985). As an institutional marketing strategy, the development office would approach certain companies based on the perceived social status of the institution. This builds on the premise that certain companies contribute to the eliteness of the institution.

Volume segmentation consists in grouping companies based on the theory that 20% of all corporations contribute 80% of the gifts (Haley, 1968). In 1987-88, 23% of the companies in the United States contributed $1.85 billion to support higher education (Brittingham & Pezzullo, 1990).

All four of these methods of segmenting the market have a place in corporation fund raising. For example, research has indicated that geographic segmentation is critical to the success of an institution in the corporation fund-raising effort.

Corporation Prospect Development

Research has indicated that certain principles exist in the process of developing corporation contributors--principles that, historically, have proven to be instrumental in identifying, cultivating, and soliciting a corporation. According to Kotler and Andreasen (1987), the external environment in which the institution operates is constantly changing. This environment has four components:

1. The public environment consists of groups and organizations that take an interest in the activities of the focal organization.

2. The competitive environment consists of groups and organizations that compete for attention and loyalty from audiences of the focal organization.

3. The macroenvironment consists of large-scale fundamental forces that shape opportunities and pose threats to the focal organization.

4. The market environment consists of the groups and other organizations that the focal organization works with directly to accomplish its mission.

Institutions must realize and accept the fact that every nonprofit organization has competition. Good strategic planning requires that the institution evaluate whether it is operating as an effective competitor and, if not, how its strategy should be changed to make it more effective (Kotler & Andreasen, 1987).

The literature indicated that corporate giving is tied to self-interest, such as research gains in the area of company needs, personnel training, employee morale, community improvement, and the public relations of giving (Brittingham & Pezzullo, 1990). Experience has shown that corporations give as a result of "cause-related marketing" (Reinert, 1990). Therefore, it is important to present several gift options to major corporate executives.

Institutions that have developed significant linkages to their environment (corporations, alumni) have a better chance of attracting private support than institutions that have not established such connections (Harris, 1990). Success breeds success. Lead corporations must be encouraged to raise their gift-giving sights. It is the corporate leaders who set the tone and pace for philanthropic giving (Brittingham & Pezzullo, 1990).

Effective corporate fund raising requires that the institution know how to identify good corporate prospects efficiently. Most development offices do not have the resources to cultivate more than five major corporate givers (Kotler & Andreasen, 1987).

Development officers should identify the best donor prospects and develop a marketing strategy from the beginning. The institution should identify one or more major corporations to approach. Major corporation prospects have two characteristics: They are in a respectable financial position, and they have a high interest in the institution's project (Kotler & Andreasen, 1987).

Large firms typically give less than 1% of their pretax income to charity, and lacking better data about a particular company, this figure is the best indicator of probable giving by a corporation (Brittingham & Pezzullo, 1990). Even when the pretax deductible rate was increased to 10%, only 10% of the corporations gave at or above the 5% level (Brittingham & Pezzullo, 1990).

Institutions may do well to approach potential corporate donors as investors rather than donors. Approaches can be strengthened with a knowledge of the corporations' past record of giving to higher education, the educational and professional background of corporate personnel, and the corporations' policy on giving. Institutions should also be aware of their current and potential ties with a particular business through placement services, alumni employees, and particularly in the case of local corporations, student internships and faculty consulting (Brittingham & Pezzullo, 1990).

At a recent Council for Advancement of Secondary Education conference, Pickett stated that, increasingly, the decision to make a corporate contribution is viewed as an investment decision. Also, it should be remembered that corporations do not do anything; *people* in corporations do things (Caccase, 1985). Close involvement of top corporate executives in the affairs of a nonprofit organization is an important step in attracting corporate financial support. Institutions must do an effective job in recognizing corporate philanthropy once it has been received. This includes the executives and others who made the decision to support one's institution (Caccase, 1985).

Marketing Evaluation

The fund-raising institution is ultimately interested in net revenue. Therefore, a goal of the fund-raising office could be a reduction of the expenses necessary to receive a contribution. Hence, an expense/contribution ratio becomes an evaluative tool in fund raising. An average-size college or university will spend about 10% of the amount raised on direct fund-raising expenses (Kotler & Fox, 1985).

The gifts obtained from corporations can be assessed by the number of donors and the average gift size. The goal might be to increase the number of donors and, thereafter, to compare those that contributed to those listed as potential donors.

Another major objective of the fund-raising office is to increase the size of the gift. The size of the gift should be compared to the size of gift desired and the potential donor base in each gift range.

Finally, institutions may want to compare their fund raising to the market share. Their share or rank in fund raising among comparable institutions could indicate whether they are doing a competent and competitive job.

One of the best assessments for overall marketing is the marketing audit. A marketing audit is a comprehensive, systematic, independent, and periodic examination of an institution's marketing environment, objectives, strategies, and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the institution's marketing performance.

The marketing audit is usually conducted by a consultant who has knowledge of marketing in educational institutions. The institution should be prepared to receive an objective audit related to the institution's facilities, programs, faculty, staff, and administration (Kotler & Fox, 1985).

The purpose of a marketing audit is to improve the institution's marketing effectiveness. The recommendations of a marketing audit should direct the institution's subsequent marketing planning. The marketing audit process is a checkpoint in the continuing cycle of planning and implementation that leads to improved institutional effectiveness.

As computer technology continues to influence people's professional lives, institutions are adopting a marketing information system (Kotler & Andreasen, 1987). A marketing information system is a continuing and interacting structure of people, equipment, and procedures designed to gather, sort, analyze, evaluate, and distribute pertinent, timely, and accurate information. The information is used by marketing decision makers to improve their market planning, execution, and control.

Periodic assessment of the fund-raising process will keep the development office focused on the current objectives. Technology development and a marketing audit are two significant methods of keeping the marketing objectives and strategies compatible.

Corporation Contributions/Institutional Expenses

During the 1950s, simultaneous with the growth in all other sources of financial support for higher education, corporate gifts, more likely called "support," became a significant source of dollars for higher education. Corporate donations, which were officially nonexistent until 1935, increased to $38 million in 1940, $70 million in 1953, $950 million in 1970, and $1.85 billion in 1988 (Brittingham & Pezzullo, 1990).

The level of support from corporations does not happen without financial sacrifice by the institution. A great deal of research evidence indicates that institutional fund raising is related to the investment institutions make in their fund-raising efforts (Brittingham & Pezzullo, 1990). It is difficult to determine what institutions spend in their fund-raising efforts. However, in general, it is known that private institutions spend more than public institutions, although some large public institutions recently have made large investments. Large universities and selective liberal arts colleges spend the most and raise the most (Brittingham & Pezzullo, 1990).

A common question in fund raising is "How much does it cost for an institution to raise a dollar?" The answer to this question could provide useful information and serve as a benchmark for institutions to determine their expense of raising corporation dollars. One recent study reported that the cost to raise a dollar in a private institution with a mature fund-raising program is \$.08; for public institutions the estimated range is \$.12 to \$.17. For institutions with mature programs, acceptable costs to raise a dollar have been estimated to be as high as \$.25 (Brittingham & Pezzullo, 1990).

The costs incurred to raise funds are a significant concern for most development offices. It is difficult to establish a standard cost for fund raising because each institution has its own unique costs to add to the formula.

Public Relations

Kotler and Andreasen (1987) defined public relations as the management function that evaluates the attitudes of important publics, identifies the policies and procedures of an individual or an organization with the public interest, and executes a program of action to earn understanding and acceptance by these publics (Kotler & Andreasen, 1987).

Public relations is performance and recognition oriented. There are marked differences between marketing and public relations.

1. Marketing includes public relations.

2. Public relations is primarily a communications tool, whereas marketing also includes needs assessment, product development, pricing, and distribution.

3. Public relations seeks to influence attitudes, whereas marketing tries to influence specific behaviors.

4. Public relations does not define the goals of an organization, whereas marketing is intimately involved in defining the institution's mission, customers, and services.

Often, institutions have personnel who serve as caretakers and enhancers of the institution's image--public relations people. They are assigned the task of framing, maintaining, or changing attitudes. In this regard, they carry out the five-step public relations process, which is as follows (Kotler & Fox, 1985):

1. Identifying the institution's relevant publics.

2. Implementing action and evaluating results.

3. Measuring images and attitudes of the relevant publics toward the institution.

4. Establishing image and attitude goals for the key publics.

5. Developing cost-effective public relations strategies.

Public relations is part of marketing, and advertising is an ingredient of public relations. All three components are part of an institution's communications effort.

There are four keys to an effective communications program (Kotler & Fox, 1985). First of all, it is coordinated. The information is designed for a specific group, i.e., corporate donors. The tools used to convey the appropriate message could include direct mail, advertising, publicity, and special events.

A single logo is recommended as a theme on publications to increase institutional recognition as well as relate each communication with the institution. The content and style should be consistent, and the layout and production qualities would then be appropriate to the communications objective.

The institution's communication should be personalized. The institution's constituency will appreciate the effort to include a personal salutation.

Effective marketing communication needs to be authentic. The institution or program should be portrayed as it exists. Materials must pass a reality test.

There are five promotional levels that are instrumental to the marketing plan and analysis (Topor, 1985, p. 88). Each tool could influence corporate fund-raising success. These tools are: (a) advertising (content controlled), (b) publicity (content controlled or uncontrolled), (c) personal contact, (d) atmospherics (locations designed to create specific effects), and (e) outreach materials (targeted audiences).

A communications program forms a key role in marketing because it can do more than simply describe program activities. It plays an instrumental role in developing public awareness of an organization.

It can influence legislators, objectives can be promoted, and interest can be generated. It can get more "bang for the buck." It can describe an organization to people who know little or nothing about it (Topor, 1983).

Summary

In summary, colleges/universities must have a mission statement from which a marketing plan can be developed. A critical part of the marketing plan is the marketing strategies/techniques that an institution develops to carry out the corporation fund-raising program.

Social-behavior marketing and the benefit-cost ratio are two marketing strategies in this study that were considered by the 14 institution representatives who were interviewed. Their comments were part of the data collected for the study.

Marketing tools that were considered in this study were marketing segmentation, expense-contribution ratio, the marketing audit, and public relations. These marketing and marketing-evaluation techniques received consideration in the 25-item questionnaire that was used to gather data for this study.

CHAPTER III

RESEARCH METHODOLOGY AND DESIGN OF THE STUDY

Introduction

The researcher was interested in the extent to which public and private institutions use marketing strategies to conduct fund raising with corporations. Appropriate representatives from 14 institutions were contacted to investigate this subject, using a 25-item interview instrument.

One public (Michigan Technological University) and one private (Aquinas College) institution not selected through the random-sampling technique were contacted to serve in the pilot study. The researcher sent a copy of the interview questions and a disclaimer letter to each institution's development officer for review and suggestions. Modifications were made in the interview questions and the disclaimer letter through a telephone conversation with each development officer.

A Michigan State University employment research specialist contributed thoughts for changes to the questionnaire. These changes were implemented as part of the pilot study. Four interview questions were modified slightly to improve the clarity of the questions. (A copy of the questionnaire/interview guide may be found in Appendix A.)

Data collection involved personal interview appointments scheduled with the appropriate development officer of the institution selected through the random-sampling technique. At the scheduled appointment, the researcher asked the prepared interview questions and recorded the responses. The respondents were asked to read and sign a letter before the interview, granting the researcher permission to ask and record the answers to questions from the questionnaire (Appendix B).

The institutions selected were categorized by the Carnegie System of Classification (Carnegie Commission, 1973). The 15 four-year state-supported institutions were from the Research Universities I and II, Doctoral-Granting Universities II, and Comprehensive Colleges and Universities I and II classification. The specific private institutions were from the Liberal Arts Colleges I and II classification. The selected private institutions were Albion, Calvin, Kalamazoo, Adrian, Alma, Aquinas, Hillsdale, Hope, Madonna, Marygrove, Northwood, Olivet, St. Mary's, Siena Heights, and Spring Arbor.

Research Questions

For the researcher to conduct the study, the following research questions were developed. These questions were necessary to maintain the focus of the study.

1. Is there a relationship between the institution's mission statement and the marketing strategies/techniques of the development office?

2. Are there certain identifiable marketing strategies and marketing techniques used by Michigan's public and private institutions in corporation fund raising?

3. How much money is available to operate the corporate fund-raising office?

4. What amount of money is raised through corporation contributions?

Description of the Population and Sample

Thirty four-year public and private higher education institutions in Michigan were the population for this study (15 public and 15 private). Michigan's four-year public institutions were chosen as one-half of the study population. However, the four-year private institutions exceeded the number of public institutions in Michigan. Consequently, the Carnegie System of Classification of Institutions of Higher Education was used to identify 15 four-year private liberal arts institutions in Michigan. The private colleges were chosen from the Carnegie Classification System identifying the chosen institutions as private Liberal Arts Colleges I and II.

Using a random-sampling method of selection, 14 four-year institutions became the study sample (seven public and seven private institutions). Development representatives from these 14 institutions were interviewed, using a 25-item questionnaire.

Design of the Instrument

The interview guide and questionnaire were designed as the instruments to elicit the type of information directly related to the dissertation subject. Through interviews, the researcher obtained the respondents' impressions, perceptions, and assessment of the marketing strategies used in their corporation fund-raising programs.

A thorough review of the literature was important to the design of the instrument. An attempt was made to integrate marketing-strategy theory and corporate fund-raising methods into the questionnaire/interview guide. The University Committee on Research Involving Human Subjects (UCRIHS) reviewed the questionnaire and disclaimer letter. These materials were designed to protect the civil, moral, and ethical rights of the subjects (interviewees).

The interview instrument was designed with multiple-choice, forced-answer, and open-ended questions. By using a variety of question formats, the researcher was able to collect data related to marketing strategies used in corporation fund raising.

Questions 1 through 6 were developed to collect demographic information about the institutions and the respondents. These data were significant for the purpose of comparing and contrasting the 14 institutions in the study. The researcher was interested in exploring the possible relationship between the institution's mission statement and its potential marketing strategy. Questions 7 and 8 were directed toward that interest.

The third section of the instrument was specifically designed to identify selected marketing strategies/techniques that institutions use in corporate fund raising. This section included

Questions 9 through 14. Questions 15 through 25 were vital to the data collection. Gathering information concerning staff time, operating budgets, and monies raised was important to compare institution size, staff size, and type of institution.

Dissertation committee members, pilot study institution representatives, a survey practitioner, and the researcher had input into the design of the questionnaire/interview guide. The instrument was directly related to the two-pronged topic of marketing strategies and corporation fund raising.

Data Collection

A questionnaire/interview guide was determined to be the best instrument for data collection. The interview was deemed the appropriate method to obtain the highest response rate from the randomly selected institutions. Second, the potential accuracy of information should be increased by the physical presence of an interviewer. Third, the researcher had some control over the timeliness of the response to the questionnaire. Finally, confidentiality was reinforced by the disclaimer letter and the verbal reassurance of the interviewer at the time of the interview.

The questionnaire was pilot tested with two institution representatives who were not involved in the study. One public and one private institution were selected. Their feedback was important to the clarity, appropriateness, and accuracy of the interview materials. Their input resulted in the addition of two questions and clarification of two statements in the disclaimer letter. With these changes, the questionnaire became the instrument with which to collect data from 14 colleges and universities (seven public and seven private).

After approval of the data-collection materials by UCRIHS, the researcher scheduled appointments with the 14 institutions' fund-raising personnel. The respondents were sent copies of the questionnaire and the disclaimer letter before the appointment (see Appendix B). At the time of the interview, the participants were asked to sign the disclaimer letter. The questionnaire and disclaimer letter were coded before the interview.

The researcher gave each participant a copy of the definition of terms used in the study. During the 40-minute appointment, the researcher reviewed the questions individually with the respondent and recorded the responses. At the conclusion of the interview, the participant was asked to review the responses for accuracy. The interviewer signed and dated the questionnaire to verify the correctness of the information.

Data Analysis

The questionnaire was designed to obtain responses that could be assessed using descriptive statistics. Through a series of tables, graphs, frequency tables, and percentages, the findings are reported in Chapter IV, based on the data collected. The collected data were compiled using frequencies and percentages. The computations and calculations were directly related to the responses received from 14 development officers representing the 14 institutions in the study.

Summary

The methodology used in developing the questionnaire/interview guide that was used to gather the data was described in this chapter. The population that was chosen as a representative sample for this study encouraged specificity and practical information for the researcher and others.

The data-collection and data-analysis procedures were congruent with the type of study. The data were collected from practitioners in the field of corporation fund raising. The compilation of their responses in descriptive statistics was beneficial to the researcher and potentially to other corporation fund raisers.

CHAPTER IV

ANALYSIS OF THE DATA

Introduction

A 25-item questionnaire/interview guide was used to gather the data for this research. Fourteen institutions (seven private and seven public) were selected as the sample for personal interviews. The information in this chapter is a compilation of the data collected using the data-collection instrument during the interview.

Data analysis was performed by using descriptive statistics. Using graphs, frequency tables, and percentages, the researcher was able to describe the data in a statistical format. From this data analysis, conclusions were drawn related to marketing strategies by higher education institutions for corporation fund raising.

Data for this research are divided into four categories.

1. The first six questions are related to the demographics of the study.

2. Questions 8a and 8b explore the relationship between the institutional mission statement and the possible marketing strategy.

3. Marketing strategy and techniques are the subject of Questions 9 through 14.

4. Questions 15 through 25 focus on staff time, salaries, office budgets, corporate contributions, and total development contributions for 1991.

In Table 12, the researcher selected six questions from the questionnaire to analyze further. This table contains the data collected for the six questions from the 14 institution (seven public and seven private) representatives in the study sample. The descriptive data in Table 12 represent, in the researcher's judgment, the critical data collected from the study. The information in this table is related to the size of the institution, the size of the corporate fund-raising staff, the institution's written marketing strategy, the percentage of time spent on solicitation, the amount of the corporate fund-raising operating budget, and the total amount raised through corporate fund raising. The information in Table 12 is descriptive and can be compared by size and type of institution.

Statistical analysis was done on the selected six questions from the study. The information shown in Table 12 was analyzed using the Statistical Package for the Social Sciences (SPSS-X) software. By statistically analyzing the data selected, the researcher could determine relationships between the amount of corporate funds raised (the dependent variable) and the influence that other factors (the five independent variables) might have on the amount of corporate funds raised.

As a result of the statistical analysis mentioned above, the researcher obtained a correlation coefficient for each independent variable. This r-value was an indicator of the relationship between the five independent variables and the dependent variable. Knowing the value of r, the researcher could use the concept of variance to illustrate further the relationship between the independent variables and the dependent variable.

The percentage of variance is determined by squaring the correlation coefficient and multiplying the result by 100. The resulting value represents the percentage of variance of one of the variables that can, in a noncausal sense, be accounted for by variation in the other (Bloomers & Forsyth, 1977).

Results of the Data Analysis

Demographics

Interviewee's name (Question 1). Question 1 asked the interviewee's name. Because the names of the respondents were kept confidential (personally identifiable information), responses to this question were not included in the data analysis.

Job title (Question 2). The job titles of the persons interviewed at each of the 14 institutions are shown in Table 1. The frequency of the job title by respondents is shown, and the percentage of the time a particular job title appeared was computed. All of the respondents had direct knowledge of the corporation fund-raising program at their institutions.

Approximately 72% of the respondents were at the director's level or above in their institution's organization. The remaining four respondents (28%) were at the level of executive director or vice-president. Two of the 14 representatives who were interviewed had the additional function of administering the foundation at their institution. In this case, the two foundation representatives were from state universities. Fifty percent of the respondents had "development" as part of their job title. The remaining job titles implied development office functions and duties.

Table 1.--Job titles of respondents.

Job Title	No. of Responses	Relative Frequency (%)
Director of Development	4	28.6
Director of Corporate and Foundation Relations	3	21.4
Vice-President of University Advancement[a]	2	14.3
Vice-President for Development	1	7.1
Director of Capital and Special Projects	1	7.1
Director of Annual Giving and Development Services	1	7.1
Director of Major Gifts	1	7.1
Executive Director of Development[b]	1	7.1

[a]Also vice-president of foundation.

[b]Also executive director of foundation.

<u>Types of institutions (Question 3)</u>. The respondents were asked in Question 3 to describe their institution. In Table 2, institutions are categorized by type. The table reflects the recorded responses of how the development officers described their

office to a corporation. When a representative corresponds with the corporation, this is the description used to identify the institution to the potential contributor.

Table 2.--Types of institutions.

Type of Institution	No. of Responses	Relative Frequency (%)
Four-year private liberal arts	3	21.4
Four-year private/independent undergraduate	2	14.3
Four-year public	2	14.3
Four-year private liberal arts, Christian	1	7.1
Four-year public, comprehensive, degree granting	1	7.1
Comprehensive liberal arts, university	1	7.1
Public-assisted AAU	1	7.1
Regional liberal arts	1	7.1
Four-year polytechnical	1	7.1
Major urban, research	1	7.1

Most of the respondents were compatible with the description of their institution and how their institution was described by the Carnegie System of College and University Classification. The representatives tended to use descriptors like *public*, *private*, *comprehensive*, and *four-year* in their communication with corporations.

Fiscal year equated student (Question 4). Tables 3 and 4 show the fiscal year equated students (FYES) for institutions from July 1, 1990, through June 30, 1991. Private (Table 3) and public (Table 4) institutions are shown separately. FYES was the common denominator used for reporting the size of the public and private institutions in the study. FYES was chosen as the variable to measure and compare the sizes of institutions.

Question 4, regarding FYES, was a method of determining the sizes of institutions involved in the study. However, many institutions report student head count by using full-time equivalent students (FTE). Therefore, the information on FYES was more difficult to obtain. In some instances, the researcher contacted the institution's Registrar's Office or called the Michigan Department, Higher Education Management Services.

The FYES information on the private colleges was obtained through the Michigan Department of Education. The FYES data for state institutions were recorded from materials sent to Saginaw Valley State University's Office of Institutional Research from the Michigan Department of Education.

Table 3.--Fiscal year equated students (FYES) for 1990-91 (private institutions).

Fiscal Year Equated Students	Percentage of the Total FYES for All Institutions
511.2	8.1
551.7	8.8
750.4	11.9
793.8	12.6
1,129.7	18.0
1,223.7	19.4
1,332.2	21.2

Table 4.--Fiscal year equated students (FYES) for 1990-91 (public institutions).

Fiscal Year Equated Students	Percentage of the Total FYES for All Institutions
4,690	3.8
6,954	5.7
11,404	9.3
15,403	12.6
22,174	18.1
24,550	20.0
37,298	30.5

Identification of corporate fund-raising office (Question 5). Table 5 contains a summary of how the respondents identified their corporate fund-raising offices. All 14 participants responded to this question. Three of the five institutions without an official title for their corporate fund-raising office were private institutions. The institutions without a corporate fund-raising designation integrated corporate solicitation with the annual fund program (individual solicitation).

Table 5.--Identification of corporate fund-raising office.

Office Designation	No. of Responses	Relative Frequency (%)
Office of Corporate Relations/ Development[a]	4	28.6
Office of College/Institutional Advancement	3	21.4
Office of Corporate and Foundation Relations	2	14.3
Do not have an Office of Corporate Relations	5	35.7

[a]College of Technology.

In general, the private institution representatives believed they did not have academic programs that corporations would support. Therefore, they solicited contributions from corporations through their annual fund program. Conversely, the development offices at public institutions were structured differently. Most of the public institutions had academic programs or related programs that they thought corporations would support. Consequently, five of the seven state institutions surveyed had an office for corporate relations.

People conducting corporate fund raising (Question 6). Question 6 was asked to determine the number of full-time equivalent (FTE) staff who conduct corporate fund raising exclusively.

Approximately 57% of the institutions had one FTE staff member or more conducting corporate fund raising. Three of the private and two of the public institutions did not assign any portion of a person's time or responsibility to corporate fund raising. Corporate fund raising resulted from annual fund or matching-gift programs.

Table 6.--People conducting corporate fund raising.

Number of People (FTE)	No. of Responses	Relative Frequency (%)
3.0 FTE	1	7.1
1.5 FTE	1	7.1
1.25 FTE	1	7.1
1.0 FTE	5	35.7
.2 FTE	1	7.1
0 FTE	5	35.7

Five of the seven state institutions had at least one staff person designated to interact with corporations. In each case, the institution's corporation representative had additional responsibilities. At one large state university, the corporate relations person interfaced with a corporate representative from one of their academic colleges. Thereby, the institution had two representatives fund raising with corporations to achieve their fund-raising goals.

Marketing Strategy

Written marketing strategy (Question 7). Respondents were asked whether they had a written marketing strategy for corporate fund raising. Twenty-nine percent (4) of the respondents said they had a written marketing strategy. Three of those four respondents were from private institutions. Conversely, 71% (10) of the 14 institutional representatives indicated that their institution did not have a written marketing strategy.

Marketing strategy complements mission statement (Question 8a). Forty-three percent (6) of the institutional representatives indicated that their marketing strategy complemented the college's/university's mission statement. Fifty percent (7) of the respondents indicated that their marketing strategy did not complement the college's/university's mission statement. One of the respondents reported that they did not have a mission statement, whereas the remaining 13 institutions did have such a statement.

As indicated in the literature review, it is important to develop a marketing strategy that is complementary to the institution's mission statement. Sixty-seven percent of the institutions in the study had not reached that stage.

How marketing strategy complements/differs from the mission statement (Question 8b). The institution representatives who claimed that their marketing strategy complemented the institution's mission statement directed the strategy toward specific parts of the mission statement. Their marketing strategy focused on programs, purpose of the institution, and/or the geographical region served by the institution.

Less than 50% of the respondents indicated that their marketing strategy did not apply to the mission statement. A goal of each institution's corporate fund-raising program was to raise resources for the institution's needs. Corporations, by their support or lack thereof, would determine the success of the marketing strategy adopted by the institution's development officer who participated in this study. Therefore, fund-raising success was determined by the money raised, not by an assessment of the marketing strategy.

Marketing Strategies and Techniques

Questions 9 through 14 referred to the types of marketing strategies and techniques that respondents used to acquire corporate contributions. Responses to these questions were analyzed in terms of frequencies and percentages.

Description of marketing strategy (Question 9). A majority of the respondents (62% or 9 respondents) used social-behavior marketing as a marketing strategy in corporation fund raising. Most institutions are involved in corporation identification and cultivation before solicitation. Therefore, development personnel use techniques to influence the behavior of potential contributors. In this study, private institutions used social-behavior marketing more than did the public universities.

Twenty-nine percent (4) of the respondents focused on the benefit-cost ratio as a marketing strategy. An assessment was made on the time and cost to solicit a company, based on the potential benefit (contribution) from that company. One respondent indicated that neither strategy was appropriate for his organization. Three respondents claimed to use the benefit-cost ratio and social-behavior marketing in their programs. These two marketing strategies were used in a compatible technique to develop corporation gifts.

Significant marketing techniques used to enhance the image of the institution to the corporation (Question 10). The responses to this multiple-response, open-ended question were compiled and categorized for reporting purposes. There was the potential for 42 responses; the question elicited 36 reactions. These data are presented in Table 7.

The marketing techniques that the development officers used to enhance the images of their institutions to corporations are shown in Table 7. Many of the individuals surveyed used the same techniques. However, some development officers had their own special techniques, i.e., student and development officer visit the corporation.

The development officers who were surveyed used a variety of techniques to maintain contact with corporation representatives. These were techniques that tended to be useful for nearly every institution. In general, development officers had established specific mailings that they scheduled on an annual basis. Other development officers made personal telephone calls, developed business/education relations, or identified alumni within the corporation to assist in making or maintaining contact with corporation representatives.

Table 7.--Significant marketing techniques used to enhance the image of the institution to the corporation.

Marketing Technique	No. of Responses
Scheduled mailings (newsletters, monthly journal of ideas, annual report, grant stewardship)	7
Personal follow-up (calls, mailings, invitations to events, on-campus visits)	7
Business/education partnerships (advisory boards, executive-in-residence)	6
Promotional events (seminars, programs)	4
Alumni in the corporation (in-house programs, matching gifts)	4
Economic impact (college/university presence in the community)	2
Only four-year college (county)	1
Institution done for corporation (historically)	1
Consulting by public relations firm	1
Christian education	1
Institution continues to provide product to business (graduates)	1
Development personnel/student solicitation visits	1

The four P's of marketing (Question 11). In Question 11, respondents were asked to identify the four P's (product, place, price, promotion) of marketing to solicit contributions from corporations. Their responses indicated that price, product, and place were the three most popular and effective methods of obtaining a corporation contribution. This means that many of the institutions in this study were asking for restricted and unrestricted gifts.

When respondents were asked to choose the most important "P" (price, product, place, or promotion) used in their marketing solicitation efforts, 71% (10) of them chose product. Place (institution location) ranked second, with three institutions (21%). Promotion was third at 7% (1 respondent). Price did not receive a vote for the most important marketing "P" because these 14 institutions chose not to request a certain type of contribution (restricted/unrestricted) donated by the corporation.

Marketing segmentation (Question 12). Eighty-six percent (12) of the responding institutions engaged in marketing segmentation. Geographics (11) and demographics (10) were the two forms of segmentation chosen most frequently. Fifty percent of the institution representatives chose geographics (proximity to the institution) as the most effective marketing segmentation method. However, some institutions had other methods of segmenting the market. This finding was documented by five respondents choosing the response "Other" as one of the most effective marketing segmentation methods. Thirty-six percent (5) of the respondents segmented by matching institution/program with the corporation; by the rapport established with the corporation, the alumni in the corporation, and their position (CEO); or by the vendors to the institution. These marketing segmentation methods were chosen over geographics and demographics primarily by the state universities.

Marketing techniques used for corporate-prospect development (Question 13). Every institution surveyed used some type of marketing technique to develop a prospective corporate contributor. Every institution participated in direct solicitation, but only 64% of the respondents chose it as the most effective strategy to develop a prospective corporation contributor. The strategy chosen by 50% of the interviewed development officers was the number of alumni employed by the corporation.

Thirty-six percent (5) of the institutions chose other marketing techniques. Respondents used corporation advisory boards, on-campus recruitment, chief executive officer (CEO) referrals, and CEOs contacting other CEOs as part of their marketing strategy. Twenty-nine percent (4) of the respondents relied on institutional educational programs for corporate personnel for their marketing technique. However, the data reflected that direct solicitation was the most common marketing technique for developing prospective corporate donors.

The marketing evaluation process (Question 14). The types of marketing evaluation processes used by responding institutions to determine their effectiveness in corporate fund raising are shown in Table 8. Nearly one-half of the 14 institutions used a marketing audit and an expense-contribution ratio to assess their effectiveness.

Table 8.--The marketing evaluation process(es) used by respondents' institutions.

Type of Evaluation Process	No. of Responses
Expense-contribution ratio	6
Marketing audit	6
Neither	3
Group report/assessment	1
Goal reached	1
Comparative data--year to year	1
Five-year cultivation	1
Productivity analysis	1

The private institution representatives who were surveyed indicated that they used both expense-contribution ratio and marketing audit as marketing evaluation tools more than did public institutions. More than 50% (4) of the private institutions used expense-contribution ratio and marketing audit to assess their marketing effort in corporation fund raising. Public institutions had a tendency to have their own method of evaluating the marketing process. They subscribed to goal-reached analysis, comparative analysis, or five-year cultivation results.

Staff Time, Salaries, Budgets, and Contributions

The fourth portion of the questionnaire was concerned with staff time, salaries, development budgets, and contributions made to the institution. This section included 11 questions that were asked during the interviews.

Percentage of corporate fund-raising staff time spent on developing and implementing marketing strategy (Question 15). In response to Question 15, 86% of the interviewees indicated they spent 20% or less of their time developing and implementing strategy for corporate fund raising (see Table 9). Fifty percent of the respondents spent 10% or less of their time on this phase of marketing strategy.

Table 9.--Percentage of corporate fund-raising staff time spent on developing and implementing marketing strategy.

Percentage of Staff Time	No. of Responses
35%	1
25%	1
20%	2
15%	2
12%	1
10%	3
<10%	1
5%	2
1%	1

Percentage of corporate fund-raising staff time spent on solicitation of corporate contributions (Question 16). The percentage of time spent on solicitation was significantly more than the percentage of time used to develop and implement marketing strategy (see Table 10). The fund-raising staff at 57% of the institutions in this study spent 40% or more of their time doing corporation solicitation. Private and public institution corporate fund raisers appeared to dedicate a greater percentage of time to direct solicitation than to strategy development, implementation, or solicitation follow-up.

Table 10.--Percentage of corporate fund-raising staff time spent on solicitation of corporate contributions.

Percentage of Staff Time	No. of Responses
60%	2
50%	4
40%	1
35%	1
25%	1
20%	1
10-15%	1
<10%	1
7.5%	1
6%	1

<u>Percentage of corporate fund-raising staff time spent on following up the corporate contribution request (Question 17)</u>. For 57% of the respondents, follow-up took 15% to 40% of their time (see Table 11). Public and private institutions, on average, spent about the same percentage of time on this activity.

Table 11.--Percentage of corporate fund-raising staff time spent on following up the corporate contribution.

Percentage of Staff Time	No. of Responses
40%	1
30%	4
20%	1
15%	2
10%	2
5-10%	1
3-4%	1
1%	2

Total corporate fund-raising operating budget for 1991 (excluding salaries) (Question 18). For some institutions, public and private, the corporate fund-raising operating budget (excluding salaries) was not an answerable question. Institution representatives were unable to extract an accurate figure because they operated the development office from a central account. In this example, whenever monies were needed for a corporate-related fund-raising activity, the funds were drawn from that account, Therefore, only five of seven private and four of seven public institutions had figures available.

As shown in Figure 1, four of the public institutions had more corporate fund-raising operating money than did the five private institutions, by about $12,000. The largest operating budget available to the public institution exceeded that available to the private institution, by approximately $16,000. This observation follows the literature research information that institutions must have sufficient financial resources to obtain significant corporation contributions.

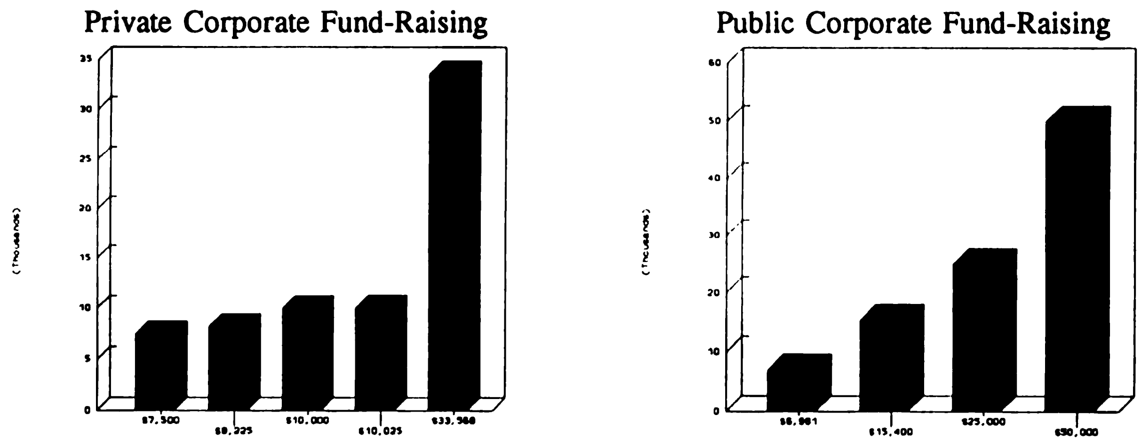
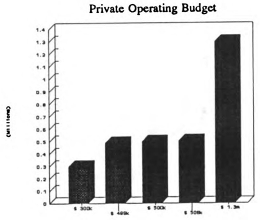


Figure 1: Total corporate fund-raising operating budget for 1991 (excluding salaries).

<u>Total operating budget for the development office in 1991 (Question 19)</u>. Two private institution representatives were unwilling to share information about their total development office operating budget. That is one of the prerogatives of a private institution. However, data were collected for five private and seven public colleges and universities.

As shown in Figure 2, the public institutions had a total operating budget that exceeded that of the private institutions by about $1 million. However, the two private institution representatives who chose not to report the operating budget for their development office would have narrowed the discrepancy between public and private institution figures.



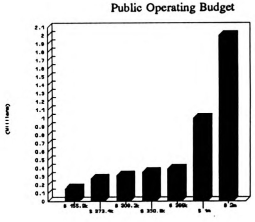


Figure 2: Total operating budget for the development office in 1991.

<u>Total amount raised from corporate fund raising in 1991 (Question 20)</u>. As shown in Figure 3, public universities raised $36.6 million more dollars in corporate fund raising than did private colleges/universities in 1991. This variance was partially a result of a major gift to one public university. However, as the findings of this study indicate, many of the public institutions had personnel and programs in place to attract corporation contributions. In contrast, the private institutions generally had a different mechanism to secure corporate contributions. Many of the private institutions in this study received their corporate contributions through the annual fund solicitation or the corporation matching-gift program.

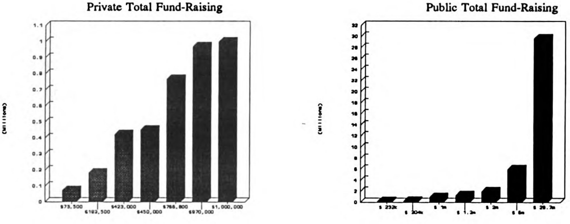


Figure 3: Total amount raised from corporate fund raising in 1991.

<u>Total raised from all fund raising in 1991 (Question 21)</u>. The seven public institutions in this study exceeded the seven private institutions in total fund raising by $40.7 million dollars. Public institutions in the study raised $92 million, and the private colleges/universities raised approximately $51.3 million (see Figure 4).

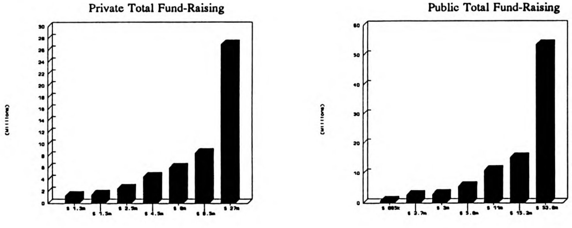


Figure 4: Total raised from all fund raising in 1991.

Salary ranges for corporate fund-raising personnel (Question 22). In response to Question 22, six of the private college/university representatives reported salary ranges from $30,000 to $50,000 per year. Respondents from the seven public universities reported salary ranges from $35,000 to $85,000 per year. The mean salary for private college/university development officers, using the higher end of the reported salary range, was approximately $41,000 per year. The mean salary for the public university development officers, using the higher end of the reported salary range for the six lowest paid officers, was about $49,000 per year. Therefore, there was a mean salary difference between public and private institutions of about $8,000 per year. There was a seventh salary at the high end of the range that would skew the mean by $5,000 per year.

Percentage of corporate fund-raising operating budget spent on promotion and advertising (Question 23). One half of the institutions surveyed (two private and five public institutions) spent money from their corporate operating budgets on promotion and advertising. The other seven institutions in the study relied on the public relations department to promote and advertise on behalf of the college or university.

The two private institutions that used corporate operating funds to promote and advertise averaged a 14% expenditure. One private institution spent 20% of its operating budget; the other institution spent 8%. The five public institutions' average expenditure was much lower, with a mean of 4% for corporate fund-raising promotion and advertising. The public institutions had a range of expenditure from 1% to 6%.

Advertising (Question 24). The institutions that chose to advertise did so in a variety of places. The private institutions used newspapers (local and business) to conduct their departmental advertising. In contrast, the public universities selected radio, television, billboards, newspapers, legal publications, and culturally related materials as the media for their promotion and advertising.

Percentage of corporate contribution from matching gifts (Question 25). One private and one public institution did not report the percentage of corporate fund-raising derived from matching gifts in 1991. Of the six private colleges/universities responding to this question, the percentage ranged from 5% to 75% or 80% (mean = 40%). The range of percentages for corporate fund-raising matching gifts was 3% to 30% (mean = 14%). The public universities appeared to realize less from corporation matching-gift programs than did the private colleges/universities.

Comparative Data Analysis

The researcher chose 6 of the 25 items in the questionnaire as significant questions to describe and compare the data within the framework of the study (seven public and seven private institutions). The observations made in the following paragraphs are based on the data presented in Table 12.

In reviewing the data in Table 12, the size of the institution (FYES figures) appears to be a factor in corporation dollars raised by public universities. The four largest public universities (FYES) (Table 12) raised more money in 1991 than did the four largest private colleges/universities. Furthermore, the four largest public universities raised more corporate dollars than did all seven private institutions in the study. Also, the four largest public universities had more operating money than was in the combined operating budgets for the private institutions. The private colleges/universities reflected an opposite pattern from the public institutions. The four smallest private institutions (FYES) raised more corporation dollars than did the three largest private institutions.

The percentage of time private institutions' development officers spent on solicitation appeared to influence the amount of corporation contribution when they spent more than 10% of their time. On the other hand, the public institutions' development officers generally spent 40% or more of their time with corporation solicitation. One institution was an exception, at 7.5%.

In both types of institutions, there were indications that the amount of the corporate operating budget was related to the amount of corporate funds raised. In general, the larger the resource expenditure from the operating budget, the greater the contributions from corporations.

Tab

Table 12.--Summation of data for six questionnaire items.

#4 FYES	#6 FTE Corporate Staff	#7 Written Marketing Strategy	#16 % of Time on Solicitation	#18 Corporate Operating Budget	#20 Total Raised by Corporate Fund Raising
PRIVATE COLLEGES/UNIVERSITIES					
511.2	1 FTE	Yes	50%	N/A	$1 m
551.7	--	No	20%	$10,000	$766,769
750.4	.2 FTE	No	<10%	$10,025	$183,455
793.8	1 FTE	No	50%	$ 8,225	$450,000
1129.7	--	Yes	6%	$ 7,500	$ 73,520
1223.7	1 FTE	Yes	35%	$33,568	$423,082
1333.2	--	No	10%-15%	5-6 times salary	$970,000
PUBLIC UNIVERSITIES					
4,690	1.25 FTE	No	25%	$ 6,981	$232,000
6,954	--	No	7.5%	N/A	$1.3 m
11,404	1 FTE	No	50%	N/A	$304,000
15,403	1 FTE	No	50%	$25,000	$1 m
22,174	1.50 FTE	Yes	60%	$15,400	$2 m
24,558	--	No	60%	N/A	$6 m
37,298	3 FTE	No	40%	$50,000	$29.7 m

Note: FYES = Fiscal Year Equated Students.
FTE = Full-Time Equivalent.

The researcher chose to analyze selected descriptive data more thoroughly by doing statistical analyses on six significant questions selected from the questionnaire. These questions were as follows:

> Question 4: What was the fiscal year equated student enrollment for your institution in the Fall of 1991?
>
> Question 6: How many people at your institution conduct corporate fund-raising exclusively?
>
> Question 7: Do you have a written marketing strategy for corporate fund raising?
>
> Question 16: What percentage of corporate fund-raising staff time is spent on solicitation of contributions from corporations?
>
> Question 18: What was your total (excluding salaries) corporate fund-raising operating budget for 1991?
>
> Question 20: What was the total dollar amount raised in 1991 from corporate fund raising?

Some of the data collected were convertible for mathematical analysis. To maintain consistency, the data used in the statistical analyses were the same data presented in Table 12. The six questions chosen for further analysis appeared to be factors in the amount of corporate funds raised. Therefore, after charting the data from the respondents, the researcher chose to further investigate the relationship between the amount of corporate funds raised and the following: size of the institution, staff size, the marketing strategy, the time spent soliciting, and the operating budget.

After reviewing the descriptive data in Table 12, the researcher entered the data collected for Questions 4, 6, 7, 16, 18, and 20 into SPSS-X software. Total corporate funds raised was chosen as the most important question; therefore, that question became the dependent variable. The five remaining questions were the independent variables.

Whenever there is a clear time order relating to two or more variables, the variables whose values are determined earlier are always the independent variables. The one whose value is determined later is always the dependent variable (Babbie, 1973).

By analyzing the data from these six questions, any influence the independent variables had on the dependent variable was identified by the correlation coefficient. The correlation coefficients indicate the degree of the relationship of independent variables to the dependent variable.

The primary goal of corporation fund raising appears to be to reach a pre-established amount of funds. Therefore, the researcher was interested in measuring the influence of five variables on the amount of corporate funds raised by institutions in the study during 1991.

When the data from the six questions concerning private institutions were analyzed, a relationship was found between the operating budget and money raised. There appeared to be a medium-tendency relationship between the amount of institutional resources spent and the total corporation dollars raised.

There was a slight tendency toward a relationship between the percentage of time spent on solicitation and the amount of money raised by the development officers of private institutions. That relationship was not reflected in the data for the public universities.

Percentage of Variance of Six Selected
Questions From the Questionnaire:
Private Colleges/Universities

To show further the relationship between variables, the concept of variance can be used. The variance is given as a percentage. When the correlation coefficient is squared and multiplied by 100, the resulting value represents the percentage of variance. This means that one of the variables can, in a noncausal sense, be accounted for by a variation in the other (Bloomers & Forsyth, 1977).

The percentage of variance between the corporate operating budget and the total amount of corporate funds raised was 64% (see Table 13). This means that 32% of the variance in total corporate funds raised could be attributed to the corporate operating budget, and 32% of the variance in corporate operating budget could be accounted for by the total corporate funds raised.

Table 13.--Percentage of variance of six selected questions from the questionnaire: private colleges/universities.

Dependent Variable:	Independent Variables				
Ques. #20 Total Amount of Corporate Funds Raised	Ques. #4 FYES	Ques. #6 FTE Corporate Staff	Ques. #7 Written Marketing Strategy	Ques. #16 % of Time on Solicitation	Ques. #18 Corporate Operating Budget
Coefficient	.2110	.2548	-.1360	.4211	.8022
% of variance	4.45	6.49	1.84	17.73	64.35

Note: FYES = Fiscal Year Equated Students.
FTE = Full-Time Equivalent.

Percentage of Variance of Six Selected Questions From the Questionnaire: Public Universities

The public institutions in this study, unlike the private colleges/universities, showed a tendency toward a relationship between the size of the institution (FYES) and the amount of corporate money raised. As noted earlier, the smaller private institutions raised more money than the larger private institutions in the study. Conversely, the larger public universities raised more money than the smaller public universities.

As shown in Table 14, the percentage of variance between institutional size and corporate funds raised was 71%. According to the percentage of variance, the size of the institution was a factor in about 35% of the situations when it came to raising money from corporations. Conversely, in approximately 35% of the situations, the amount of money contributed was a reflection on the size of the institution.

Table 14.--Percentage of variance of six selected questions from the questionnaire: public universities.

Dependent Variable:	Independent Variables				
Ques. #20 Total Amount of Corporate Funds Raised	Ques. #4 FYES	Ques. #6 FTE Corporate Staff	Ques. #7 Written Marketing Strategy	Ques. #16 % of Time on Solicitation	Ques. #18 Corporate Operating Budget
Coefficient	.8436	-.3986	-.1559	.0440	.0006
% of variance	71.17	15.88	2.43	.1936	.0000

Note: FYES = Fiscal Year Equated Students.
FTE = Full-Time Equivalent.

Percentage of Variance of Six Selected Questions From the Questionnaire: Private and Public Colleges/ Universities

When the public and private institution data were combined, they showed a slight tendency toward a relationship between the size of the institution (FYES) and the amount of corporate funds raised. The strength of this independent variable was so significant for the public universities that it influenced the outcome of the private colleges/universities in the combined data analysis (see Table 15).

As shown in Table 15, the combined percentage of variance between the size of the institution and the amount of corporate funds raised was 62%. This percentage of variance indicated that approximately 31% of the time the size of institution (FYES) variable was a factor in the amount of corporate funds raised. Thirty-one percent of the time, the amount of corporate funds raised was based on the size of the institution.

Table 15.--Percentage of variance of six selected questions from the questionnaire: private and public colleges/universities.

Dependent Variable:	Independent Variables				
Ques. #20 Total Amount of Corporate Funds Raised	Ques. #4 FYES	Ques. #6 FTE Corporate Staff	Ques. #7 Written Marketing Strategy	Ques. #16 % of Time on Solicitation	Ques. #18 Corporate Operating Budget
Coefficient	.7878	-.2282	-.1938	.1760	.0969
% of variance	62.06	5.20	3.75	3.09	.9390

Note: FYES = Fiscal Year Equated Students.
FTE = Full-Time Equivalent.

CHAPTER V

SUMMARY, CONCLUSIONS, SUGGESTIONS FOR FURTHER RESEARCH, AND REFLECTIONS

Summary

Background

Corporation fund raising by institutions of higher education has been conducted for more than 100 years. Private institutions in the United States have a longer history of this activity than do public four-year colleges/universities. The history of fund raising dates back to the early years of Harvard (Brittingham & Pezzullo, 1990).

The application of marketing strategies and techniques in higher education fund raising or any college/university process has a recent history. It has been within the last decade or so that marketing has become an acceptable term in higher education. Researchers have realized that concepts from marketing can be applied to a relationship that traditionally has been cast in altruistic language (Brittingham & Pezzullo, 1990).

Marketing remains a major operational activity that is underused in higher education (Hockenberger, 1988). It appears that development officers are beginning to use marketing techniques in the activity of raising funds. There was evidence of marketing terms and techniques being used by personnel representing the institutions in this study.

Marketing strategies are a portion of the development office's marketing plan. Before the strategy can be developed, the mission statement, if available, should be the basis for the marketing strategy. The mission statement, for fund-raising purposes, should contain the philosophy, purpose, and objectives of the institution.

Marketing is more than a set of techniques; it is a perspective (Lord, 1985). Therefore, it is important that development officers analyze the strengths, weaknesses, opportunities, and threats to the institution. In marketing planning, this process is known as SWOT (Hansler, 1988). SWOT is an evaluative process that complements the marketing audit and market research.

Implementation of the marketing strategy as a part of the marketing plan is important to the potential success of the fund-raising effort. There are three important ingredients to engaging the marketing strategy for corporation fund raising. First, the relationship of the prospects and programs to the sources must be congruent. Second, the corporation being solicited should have geographic proximity to the institution. Finally, leadership contacts with the corporation are critical to the success of potential corporate contributions (Podesta, 1984). The aim of marketing is to understand the customer so well that the product or service fits the customer and sells itself (Drucker, cited in Lord, 1985).

Purpose and Framework of the Study

Through this study, the researcher obtained information on what and how marketing strategies were used by higher education institutions to conduct fund-raising activities with corporations. Public and private institutions were included in the study to obtain a variety of perspectives on corporate fund raising by two dissimilar entities: public and private four-year institutions.

It was determined through committee and researcher consultation that the best way to gather data on the topic was through personal interviews. The questionnaire/interview guide was designed to obtain demographic information, marketing strategies and techniques used, and quantifiable data related to budgets, salaries, and corporate contributions.

The data collected using the 25-item questionnaire/interview guide were compiled using primarily descriptive statistics. Further analysis of the data was undertaken to determine the extent of relationships between selected data that had been obtained from the interviews.

The literature review and data analysis were fundamental to the process of developing the findings and conclusions for the study. A thorough review of the literature prepared the researcher for assessing the significance of the collected data.

Findings and Conclusions

Data were collected from institutional representatives who were closely involved with their institution's corporation fund-raising program. The interview questionnaire was used to gather, primarily, information concerning demographics, marketing strategy, marketing evaluation, budgeting, and contributions.

Representatives of the randomly selected institutions were receptive to participation in the study. The responses to the questionnaire were given freely and willingly. The exception to this statement was the representatives of the two private institutions in the study, who chose not to share information on the operating budget.

Some of the development offices of private institutions appeared to operate with more autonomy than others. Two of the private institutions surveyed operated free of federal guidelines because they did not participate in federal financial-aid programs. Therefore, freedom-of-information requirements were not imposed on them by the federal government. Disclosure of information to the public was not required. This did not seem to be the case in the surveyed public institutions.

Seventy-one percent (10) of the respondents surveyed, from four private and six public institutions, indicated that their institutions did not have written marketing strategies. Furthermore, 50% of the institution representatives, three private and four public, responded that their marketing strategy did not complement the institution's mission statement. When the data were analyzed statistically, the results indicated that a written marketing strategy and a marketing strategy that complements the institution's mission statement were not significant factors in determining the success of corporation fund raising (Tables 13, 14, and 15). However, in the literature, various authors emphatically recommended that the office of development have a written marketing strategy that complements the mission statement of the college/ university (Hansler, 1988).

The researcher found that corporation development officers are not knowledgeable about marketing concepts; therefore, marketing strategic plans had not been developed. Only one participant surveyed had developed a written marketing plan for the development office. The development officer at that institution had a background in business.

The cited authors and development experts proposed a well-conceived marketing plan that considers the strengths, weaknesses, opportunities, and threats (SWOT) to the institution. By incorporating the marketing audit and market research, the development office is in a position to plan the fund-raising process.

Every institution surveyed had a method of evaluating strategy for corporation fund raising. Private institutions participated more fully than public institutions in a formal evaluation process. The private institutions used the marketing audit or expense-contribution ratio to measure their progress toward corporate fund raising.

Public universities evaluated corporate fund raising less formally than did the seven private institutions. The public institutions had evaluation techniques in place that were unique to their situations: a five-year plan, a greater amount contributed than the previous year, or a productivity ratio. However, two public institutions used the marketing audit, and two used the expense-contribution ratio for evaluative purposes.

Most of the surveyed private institutions did not have an office for corporation fund raising. The majority of private institutions solicited companies through the annual-fund program and/or participating matching-gift companies that employ alumni from their institution. For some of the private institutions, these sources of contributions amounted to 75% or 80% of their corporation contributions.

In comparing the data from public and private institutions, the statistics showed that the public institution development officers spent a greater percentage of their time doing corporation solicitation. Public institution development officers spent one and one-half more time doing solicitation than did their private institution counterparts. This is partially explained by the observation that most private institutions in the survey did not have a designated corporation fund-raising office. However, five of the seven public institutions had a designated person to conduct corporation fund raising. The public institution development officers spent an average of 45% of their time on direct solicitation.

The public universities in the study received a significantly larger amount of corporate monetary contributions--approximately ten times more than the private institutions. In general, the size, type, and number of programs the public institutions can offer corporations are more prevalent and diverse. That was the finding among the public institutions in this study. Public institutions appeared to offer the programs that corporations chose to support and embellish.

Private institutions in this study had about 29% less operating funds for corporate fund raising than did the public institutions. Often, the operating budgets were decentralized, which made the responses less accurate than information from a centralized operating budget.

The public institutions in this study had a larger corporate fund-raising operating budget than did the private institutions. Also, public institutions spent a greater percentage of their time in corporation solicitation. Consequently, the findings indicated that public institutions received nearly twice the amount in corporation contributions as did private institutions.

The representatives of the 14 institutions in this study were asked about the total amount of money raised from all fund raising. In analyzing the data, it was found that the public institutions realized 45% more money from their total development fund-raising efforts than did the private institutions. As noted in the data concerning corporate contributions, public institutions, because of their size, tend to receive a larger amount of philanthropic contributions.

The researcher concluded from the information gathered in this study that the private institutions were better organized and more sophisticated than the public universities in their fund-raising efforts. In this survey, private institutions had fewer personnel and less operating money, but they were more advanced in their marketing strategies and techniques.

The researcher also concluded that corporations tend to contribute to institutions that have programs that benefit their company. The private institutions in this study lacked the program diversity that is available in larger public universities. In this regard, the private institutions have a disadvantage in corporate fund raising. It is academic programs in business and engineering that appear to be especially attractive to corporations. Often, the graduates of these four-year programs are sought by corporations for employment.

The data encouraged the researcher to infer that operating budgets are related to the amount of money raised through corporation contributions. This tendency was significant with private institutions. It was somewhat apparent in the data gathered from public institutions, as well.

In this study of 14 institutions, the combined data indicated a significant relationship between the size of the institution and the amount of money contributed by corporations. The researcher concluded that institutional size is a factor in corporation contributions. Also, size implies diverse academic programs and activities.

The surveyed private and public institutions expended nearly the same amount of money to operate their development offices. However, the returns on their expenditures were significantly different. Public universities received approximately twice the amount in contributions that private institutions received. The conclusion is that institutions must have adequate operating-budget resources to raise development funds. Selected large and small colleges/universities that spent the most tended to receive the most.

The researcher concluded that the private colleges that raised the most corporate funds had developed a quality reputation with corporations. Corporations tended to contribute to private institutions that had a reputation for quality programs.

The institutions that were successful in corporation fund raising had developed linkages with corporations. These linkages might have come from successful graduates in the company or special programs with the corporation.

Suggested Areas for Future Research

1. Further study of the relationship between the size of the institution and the amount of corporate dollars raised could affect the data in this study. The implication in this study was that larger institutions received more contributed dollars from corporations.

2. An examination of the relationship between diversity of institutions' programs and corporation support would be relevant. Companies appear to desire a return on their investment in the institution. Often, this materializes through hiring a college graduate from a college/university program that benefits that company.

3. Higher education institutions that have a total marketing plan for their development office could be surveyed. It would be interesting and valuable to measure their degree of success by using the strategies, techniques, and methods identified in a development office marketing plan.

4. Literature on fund raising has indicated that institutions must have money to raise money. The findings from this study reflect that theory. The issue of effective use of resources to raise money is a relevant concern of many development office personnel. Therefore, the question may be: "What is the optimum level between operating funds and contributed dollars?"

Reflections

It was evident from this study that there was an incongruity between the importance of a mission statement as indicated in literature research and the practice of institutions included in the study. Most of the institutions had a mission statement, but it did not complement the marketing strategy of the development office. It appears that the majority of institutions in this study could benefit from the message in the literature (mission statements influence marketing strategies).

The respondents representing the public institutions tended to be less aware than their private-college colleagues of marketing strategies and evaluation. It was common for the development officers in the public institutions to have an institution-specific method of measuring their marketing and corporation fund-raising success.

As reflected in this study, the private colleges made significant accomplishments in the area of corporate fund raising. The private institutions appeared to structure their marketing strategies for targeted companies and to solicit corporations differently than did the public institutions. Private institutions have been successful with direct mail (letters, newsletters), alumni, and matching-gift companies, and some direct solicitation of corporate contributions.

The Council for Advancement and Support of Education encourages and financially supports efforts to do research in the area of fund raising. As an organization, they believe there is significant research that remains to be done. This researcher shares that belief. Furthermore, several of the respondents were interested in the results of this study. More important, these professionals had an interest in further research that would benefit the development profession.

APPENDICES

APPENDIX A

QUESTIONNAIRE/INTERVIEW GUIDE

QUESTIONNAIRE/INTERVIEW GUIDE
MARKETING HIGHER EDUCATION FUND RAISING TO CORPORATIONS

Interview Date__________________

1. Interviewee's name

2. Title or position

3. Type of institution

4. What was the fiscal year equated student (FYES) 30 semester hours/year) enrollment for your institution in the Fall of 1991?

5. How do you identify your Corporate Fund-Raising Office?

6. How many people at your institution conduct Corporate Fund Raising exclusively?

7. Do you have a written marketing strategy for Corporate Fund Raising?

8. (a) In your opinion, does the marketing strategy complement the institution's mission statement?

   (b) How does the marketing strategy complement/differ from the mission statement?

9. If you use a marketing strategy for Corporate Fund Raising, how would you describe it?

   (a) Benefit-cost (contributions to the institution versus time and money spent to secure contributions)

   (b) Social-Behavioral (influence individual behavior)

   (c) Others

10. What three significant marketing techniques do you use to enhance the image of the institution to the corporation?

    (a)

    (b)

    (c)

11. Which of the four P's of marketing do you generally use, if any, to solicit a gift from a corporation?

    (a) Project (specific program)

    (b) Place (institution)

    (c) Price (restricted versus unrestricted gifts)

    (d) Promotion

    In your opinion, which "P" is most effective?

12. Do you use marketing segmentation (subdividing corporations into homogeneous groups) to conduct corporate fund raising?

    Which characteristics do you generally use to sort?

    (a) Demographics (size, type, etc.)

    (b) Geographics (geographic region)

    (c) Psychographics (social class)

    (d) Volume (20% of all corporations account for 80% of the gifts)

    (e) Others

    In your opinion, which marketing segmentation is most effective?

13. Do you use any of the following marketing strategies to develop a prospective corporate contributor?

    (a) Direct solicitation

    (b) Institutional education programs offered to corporate personnel

(c) Corporate personnel retraining programs

(d) Institutional research facilities and/or providing faculty expertise

(e) Corporate executives and faculty exchange programs

(f) Number of alumni employed by the corporation

(g) Other

In your opinion, which marketing strategy(ies) is/are most effective?

14. Is either of the marketing evaluation processes listed below used by your department to determine the effectiveness of your corporate fund-raising program? If not, are others used?

    (a) Marketing audit

    (b) Expense-contribution ratio

    (c) Neither of the above

    (d) Other

15. What percentage of corporate fund-raising staff time is spent on developing and implementing marketing strategy annually?

16. What percentage of corporate fund-raising staff time is spent on solicitation of contributions from corporations?

17. What percentage of corporate fund-raising staff time is spent on following up the corporate contribution request?

18. What was your total (excluding salaries) corporate fund-raising operating budget for 1991?

19. What was the total operating budget for the Development Office in 1991?

20. What was the total dollar amount raised in 1991 from corporate fund raising?

21. What was the total amount raised from all fund raising in 1991?

22. What are the salary ranges of the corporate fund-raising personnel? (Range of $5,000 ex. $15,000-$20,000)

23. What is the approximate percentage of the corporate fund-raising operating budget that is spent on promotion and advertising?

24. (a) Do you advertise?

    (b) Where?

25. What percentage of your 1991 corporate contribution was a result of matching gifts?

Thank you for your participation. Please acknowledge the accurateness of the information by signing here.

Signature of interviewee

____

Date__________________________________

APPENDIX B

PARTICIPANTS' DISCLAIMER LETTER

August 3, 1992

Dear ________________,

As indicated in our recent telephone conversation, this research is being undertaken to complete the requirements for my doctoral dissertation. The statements that follow outline the research.

The attached interview questions will be asked and recorded by me during a structured interview. This instrument will be used to obtain relevant data on the subject of marketing strategies by selected Michigan higher education institutions for corporate fund raising. The amount of time necessary to conduct the interview is approximately 20 minutes. Your participation in this research is voluntary. You may choose not to participate, refuse to answer certain questions, or discontinue the interview at any time. Remember: Your involvement is strictly voluntary.

The data results will be made available to you at your request. The compiled data may assist your office operation by providing information that would enhance the corporate fund-raising office at your institution.

Your willingness to participate in this study is appreciated. The information you provide will be used for research purposes only. The information will be kept confidential. Institutional information will be coded to maintain confidentiality. Neither you nor the institution will be identified in the research.

Sincerely,

Gary R. Apsey

Respondent's Signature   Date

APPENDIX C

DEFINITIONS OF TERMS USED IN THE QUESTIONNAIRE/ INTERVIEW GUIDE

Definition of Terms

The following terms were used in the questionnaire and in the text to describe marketing concepts. A copy of the definition of terms was given to every interviewee before the interview.

Advertising: a nonpersonal form of communication conducted through paid media under clear sponsorship.

Benefit-cost analysis: a marketing program that could be chosen to assess the feasibility of conducting a fund-raising campaign.

Corporation: a body of persons granted a charter legally recognizing them as a separate entity having its own rights, privileges, and liabilities distinct from those of its members.

Expense/contribution ratio: the difference between an institution's expense to acquire a contribution and the amount contributed by corporations. Institutions' expenses may be within a range of 5% to 20% to achieve their contribution goal.

Four P's of marketing: product, price, place, and promotional services.

Fund raising: a development activity whereby educational institutions build up different classes of loyal donors who give consistently and receive benefits in the process of giving.

Marketing: the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives (American Marketing Association definition).

Marketing audit: a comprehensive, systematic, independent, and periodic examination of an institution's marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the institution's marketing performance.

Marketing information system: a continuing and interacting structure of people, equipment, and procedures designed to gather, sort, analyze, evaluate, and distribute pertinent, timely, and accurate information for use by marketing decision makers to improve their market planning execution and control.

Market segmentation: dividing a market into distinct and meaningful groups of consumers who might merit separate products and/or marketing mixes; segments of intragroup similarities and intergroup differences.

Marketing strategy: the fundamental marketing logic by which an organizational unit intends to achieve its marketing objectives. Marketing strategy consists of a coordinated set of decisions on (a) target markets, (b) marketing mix, and (c) marketing expenditure level.

Mission statement: a statement that describes an institution's purpose, ideals, and ambitions.

Positioning: an advertising term that means to create thoughts about the product in the mind of the prospective donor. It usually involves a change in a person's mind. Also, in higher education, positioning indicates how one wants the institution to be perceived by the audiences to whom the appeals are being directed.

Promotion: a part of marketing; it is the communication of information between seller (institutions) and buyer (corporation) to influence attitudes and behavior.

Public relations: the management function that evaluates the attitudes of important publics, identifies the policies and procedures of an individual or an organization with the public interest, and executes a program of action to earn understanding and acceptance by these publics.

Revenue maximization: the total revenue equals the average price charged, multiplied by the quantity sold and donations plus grants.

Social-behavior marketing: the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research.

Strategic planning: a process of developing and maintaining a strategic fit between the institution's goals and capabilities and its changing marketing opportunities.

APPENDIX D

THANK-YOU LETTER TO PARTICIPANTS

January 29, 1993

Dear ________________________,

Thank you for your hospitality and willingness to assist me with my dissertation research. Your input will be of tremendous help to me personally and expectedly to others, professionally.

Thank you again for being very supportive. I look forward to meeting you again.

Sincerely yours,

Gary R. Apsey

P.S. I plan to send you a copy of the survey results.

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