

DUKE

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President Nannerl O. Keohane. An endowment "provides that cushion for when you have to make those bleak choices between cutting funds for programs or cutting funds for facilities. You can either respond to that creatively, or make one of those decisions."

To remain competitive in the 21st century, Duke realizes it must increase its endowment.

ENDOWMENT PARADOX

In the Southeast, Duke's endowment is impressive. Only the University of North Carolina at Chapel Hill, with an endowment of \$440 million, approaches Duke's.

Davidson College in Davidson has a \$113 million endowment, and N.C. State University in Raleigh has a \$97 million endowment, according to the Council for Aid to Education.

"We have this paradox," Burness says. "In this region, our endowment looks huge, but when you compare it with the institutions we compete with, it's tiny."

Duke already is one of the most effective universities in the U.S. at raising corporate and foundation dollars, ranking among the top five. And the university recently completed a \$550 million capital campaign.

Yet Duke faces several challenges in order to maintain its spot among the nation's top universities. It recently identified \$900 million in long-term needs. And, in the past year, it lost two of its best fundraisers.

A PRESIDENT'S ROLE

Fundraising has become an essential responsibility for university presidents — a fact not lost on Duke's trustees when they selected a new president.

Keohane, who was inaugurated a year ago, is a fundraiser's dream. As president of Wellesley College near Boston, she led a widely-regarded capital campaign drive that surpassed a \$150 million goal by \$18 million. It was by far the school's most successful fund drive.

When Keohane talks about

Duke's future, she talks about raising more money.

"Advancement challenges are the biggest challenges that face any institution," Keohane says. "This is a time of great financial restraint. We need support in order to advance in a time when a number of corporations are cutting back on employees and institutions are looking at cutting back."

One of Keohane's major tasks as president will be preparing Duke's development operations for a substantial capital campaign drive.

For that, Keohane has the benefit of an outside consultant's recent assessment of Duke's development structure. The consultant, Carol O'Brien of Durham, studied the central development office and the medical center development office.

Last spring, the report landed on Keohane's desk.

Not all of it was flattering. O'Brien, a former director of development at Cornell University, highlighted several areas in which Duke's development operations could stand improvement. Primarily, she pointed to streamlining the development operations' structure and modernizing its computer and communications systems.

Often, consultants' reports — especially when critical — are not warmly embraced. However, Keohane and Duke University leaders are using O'Brien's report as a veritable blueprint for change.

"All of us are looking at some key structure choices," Keohane says. "We're assessing major needs, goals, getting the team in place."

O'Brien, who also has done consulting work for Harvard and Columbia University, commended Keohane and others for their courage to change.

"Duke is really looking at how to maximize its central office and how to work with the program offices," she says. "It's asking, 'How do you make this work?' Every university has to deal with this. Duke is in the early stage of doing that, and they're looking very much at it everyday."

KEY POSITIONS

Directly related to Keohane's

challenge to revamp Duke's development operations is the task of filling several top development positions.

Last year, Duke was hit by two key resignations. Joel Fleishman, who was first senior vice president and chairman of the capital campaign, left to become president of Atlantic Philanthropic Service Co. in New York. And Michael Rierson, who headed corporate and foundation giving, resigned to become associate dean for external affairs at the Kenan-Flagler Business School at UNC-Chapel Hill.

Then, more recently, Jeff Clark resigned as executive director of development at the Medical Center to help found a venture capital firm.

On top of that, last spring, two key development officers were reassigned to special development projects: Linda Gerber, formerly associate vice president for development in charge of running Duke's development office, was put in charge of special projects for future fundraising. And R.C. "Bucky" Waters, formerly vice chancellor for development at Duke University Medical Center, was handed the new position of vice chancellor for special projects.

Their new assignments affect Duke's development structure in two ways.

First, Gerber and Waters can focus their skills. Gerber will concentrate on training development staff and volunteers while Waters, who was Duke University's basketball coach before becoming a fundraiser, will concentrate on cultivating gifts from medical center alumni. O'Brien's report indicated that both these areas need more attention.

Second, their shifts leave two key vacancies which Duke now hopes to fill with the best development officers the nation has to offer.

Keohane says the search for the central office's development director has been narrowed down to eight finalists.

"We hope by the winter the position will be filled," she says. "Once the team is in place, we'll look at what to do next."

DOMESTIC

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have been very receptive," says Boyd. "The biggest difficulty is people power."

Another major supporter of the Century Challenge was Wilmington radio station WGNI. One week in August, WGNI broadcast from the roof of a local Harris Teeter for

100 hours to raise awareness about domestic violence and take pledges for the shelter.

"It's because of them [WGNI] that this town knows what's going on," says Boyd.

More than 20 businesses sponsored one hour of broadcast for \$100 per hour. And, during the week-long effort, many businesses donated money and challenged others to meet or beat their

pledges.

Also, a local television station, WECT Channel 6, joined in and broadcast the weather report from the grocery store. Prizes were offered to those who called in with the highest pledges of the day. At week's end, \$18,500 was raised for the shelter.

"It was a wonderful week," says Boyd. "The amount of public support was really nice."

SMART

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does the role played by the young bankers who are involved. In Raleigh, for example, Scott Anderson, vice president and city executive for Southern National Bank, has taken on the task of raising awareness about Smart Start in the business community.

"Everyone in the community needs to be aware of what is going on with children so they can apply themselves and do something about it," he says. "We want to help get civic groups behind the [Smart Start] effort."

In other communities, young bankers have helped streamline the process that local agencies must follow to obtain Smart Start funding, or they're provided contacts and information to help community leaders assemble their applications for Smart Start funding.

Stan Meihaus, vice president and city executive in Statesville for Branch Banking & Trust Co.

and president of the Young Bankers division, says the division will support the program by functioning as an information resource to help communities manage Smart Start programs and successfully apply for Smart Start support.

In addition to its work with Smart Start, the division also is looking into other ways to support early childhood development. Division members have discussed helping the federal Small Business Administration put its new lending programs for women and minorities into effect. These lending programs will benefit the many day care centers owned by women throughout the state.

In the future, the division will continue to create new districts and recruit district chairs as more communities are selected to receive Smart Start support.

"The Young Bankers Division will be involved with Smart Start as long as it is needed," Meihaus says. "We are committed to whatever is necessary to help the program be successful."

\$900 MILLION IN NEEDS

What is next for Duke is a major capital campaign. The organizational and personnel changes are simply a prelude to that.

"Before the year 2000," O'Brien says, "Duke will be in some sort of campaign drive. Be it university-wide or programmatic, it's in Duke's near future."

Any campaign drive will come on the heels of the \$550 million campaign that Duke completed in 1992. But huge needs remain — \$900 million as the university calculated. Meeting them requires raising more money.

The university's endowment grew from \$220 million to \$700 million between 1982 and 1993 under the collaborative effort of Fleishman and John Piva, senior vice president for Duke's alumni affairs and development. But Duke needs an even larger endowment to build up its programs; increase faculty salaries and student services; and construct new facilities.

Once a new development team is in place, their work will be cut out for them: They need to increase Duke's alumni giving.

While Duke is skilled at raising corporate and foundation dollars, it has barely tapped into the deep pockets of its 90,000 active alumni.

"Giving has risen dramatically in recent years," says Laney Funderburk, Duke's director for alumni affairs. "But we're low on the individual giving side when we compare ourselves to our counterparts."

Duke doesn't rank among the top 20 colleges and universities in the nation in the category of dollars raised per alumnus, according to the Council for Aid to Education. During the last academic year, alumni giving accounted for only 8 percent of \$144 million that was raised. But that likely will change: Wellesley, Keohane's former employer, tops that list.

According to Funderburk, the mean household income of Duke's alumni is \$93,000, marking the midpoint between the highest and lowest household incomes. The potential for increasing individual giving is great.

"There's a lot of potential that hasn't been tapped," Keohane says.

O'Brien says that individual giving depends largely on the quality of the undergraduate experience.

"Fortunately for Duke, that's very good," she says. "Duke now needs to make sure its graduates retain their loyalty and give back to the university."

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