

CHAPTER 12

The Importance of Philanthropy

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INTRODUCTION

The research universities represented by the Glion Colloquium have been responsible for many of the greatest discoveries and intellectual breakthroughs in history. I am proud to lead one of these universities. For the last 800 years in Cambridge, new discoveries have been forged to transform the way we live and understand our world. Yesterday's discoveries here — gravity, evolution, DNA — are the foundations for our current understanding of the world. And today, thousands of world-class researchers at Cambridge are seeking equally transformative answers to the greatest challenges now facing mankind.

My responsibility as Vice-Chancellor — and the responsibility of all university leaders — is to create an environment that enables this research to thrive. But, as the world has changed, so too has the environment in which we operate. In this paper, I argue that philanthropy, while always important, is now vital if we are to secure the future of research universities and fulfil our critical mission in society.

The heritage of philanthropy is everywhere in Cambridge. And it is not just in the physical spaces, the Colleges, museums and libraries where our academics and students work. Our earliest recorded donation was in 1284, when the University's scholars accepted a gift of 50 marks from King Edward I for the support of poor students. Today more than £10 million a year is available for student scholarships, bursaries, travel and other costs, including support for disadvantaged students.

Gifts such as these, both large and small, help sustain the fabric of the university, its teaching and research to this day. With such a heritage, why should we be concerned? I believe there are three key reasons, which I would like to explore in this paper.

The first is that philanthropy is the vital seed investment in intellectual breakthroughs and innovation. Public finances are increasingly burdened with debt, low growth and ageing populations, as well as the limiting factor of the political cycle. Yet research universities need the freedom to take the long-term view. As the issues facing humanity grow ever more complex and interconnected, a bolder approach is needed — one that encourages curiosity, promotes new thinking and accepts, or even encourages, failure. Such an approach requires funders who can afford to engage in a relationship driven less by financial calculations or time pressures, and more by a shared sense of purpose. Where else, then, is this investment in the transformative change our society needs going to come from? Philanthropy allows universities the freedom to engage in the sustained pursuit of applied intellectual curiosity.

The second is that we are learning from our success and building on momentum. Institutions in the United States have a long tradition of raising funds from alumni and major donors. Cambridge and Oxford have pioneered philanthropic fund raising in the U.K., and can point to numerous examples where academics supported by philanthropy have achieved major discoveries. Often these successes have been unpredictable: an initial idea or project had looked promising, but led to a breakthrough elsewhere. The critical element has been the relationship and trust between academics and donors: a shared sense of purpose and discovery that has led to a sustained relationship over many years.

The final reason that philanthropy must be taken more seriously is that it is hard to do. It involves not just seeking funds and building fundraising teams. It involves creating a new culture, developing new capabilities and perspectives across institutions that have been focused, understandably, on national and public sources of funds. It involves a change in approach from transaction to partnership. And it requires a commitment to demonstrate — both internally and externally — the value of philanthropy. All of these challenges are difficult for institutions rightly focused on teaching and research, and with cultures established over decades or even centuries. Yet, in a world where global competition for talent is ever fiercer, forging these new skills has never been more vital.

THE ENABLING POWER OF PHILANTHROPY

Prominent benefactors founded and funded the Colleges of Oxford and Cambridge, and our buildings, students and faculties are still supported by their legacy. Public subscription helped to establish the great civic universities

of 20th-century Britain and charitable trusts have funded some of the most far-reaching innovations to emerge from academia.

That tradition continues today. At the heart of Cambridge, the University is building a new Conservation Campus, bringing together researchers, leading conservation organizations and the Museum of Zoology. In an exciting, innovative and green building, only made possible by the support and belief of donors, the Cambridge Conservation Initiative (CCI) will house over 500 academics, practitioners and students from the University and its CCI partner organizations.

And new treatments for diseases such as Alzheimer's and Parkinson's are one step closer thanks to philanthropists who have supported research in Cambridge to pinpoint the trigger for dementia-related diseases, opening up possibilities for earlier diagnosis and a new generation of targeted drugs.

A university must maintain a diversity of funding sources if it is not to be beholden to any single stakeholder — whether central government, funding councils, industry or alumni. Philanthropic donation can be a potent guarantor of that autonomy.

Autonomy is important at two levels: for individual researchers, who must have the freedom to follow their intellectual curiosity, unfettered by political or commercial considerations and for the institution itself as an independent intellectual authority.

This freedom is to be valued not for its own sake, but because it permits the university to fulfil its mission to society and take a disinterested, long-term perspective. A short-term, utilitarian and instrumentalist approach cannot resolve the great global challenges that face us today. We can direct our resources to the best of our ability, but we cannot predict where and how the great breakthroughs will be made. And wherever there is a lack of financial stability and predictability, a university's autonomy is inevitably compromised, affecting its ability to pursue this approach.

In the 1970s, researchers at the University of Cambridge discovered monoclonal antibodies and set to work on adapting them to medical use. In the past two years, this research reached fruition with two new drugs receiving regulatory approval: Alemtuzumab, a treatment for multiple sclerosis, and the anti-cancer agent Lynparza.

I believe it is worth restating two points that I made at the conference on "Global Universities and their Regional Impact" earlier this year, marking the University of Vienna's 650th anniversary. Firstly, these timescales do not fit into government-backed or commercial timescales; but it is incontestable that the investment of time, money and trust in these research teams has made a valuable contribution to society. Secondly, it is often the cumulative effect of fundamental research that produces such breakthroughs: the ongoing development of new knowledge and insight, which is not easily quantifiable and does not fit into funding cycles.

Research universities are unique in their ability to take this approach. Given the imperatives of the market, very few private-sector enterprises have the ability to look decades into the future. Likewise, the long-term planning of governments is always limited by shorter-term political expediencies. Universities have the responsibility to look further ahead; it is the only way that they can find solutions to the most important societal challenges.

However, it is the case at the University of Cambridge, as it is elsewhere, that resources are insufficient without philanthropy: the money received for research does not cover its full cost. If the University's research program is to be expanded — something the University has identified as an imperative — this deficit can only increase. Put simply, philanthropy produces discoveries that would not otherwise be made.

I could cite many more examples, all of equal merit. There is the Wellcome Trust Centre for Stem Cell Research, where human stem cells are used to create new models of disease which, in turn, permit the development of new drugs. Private donors have supplied it with funding for fellowships, studentships, capital projects and equipment. Then there is the Centre of Governance and Human Rights, a cross-disciplinary research hub. It brings together expertise in a vast array of disciplines, from international studies and politics to law, computer science and geography, to tackle the big questions of global justice and good governance. Without a generous benefaction, it would not exist. The list goes on, and not just at the University of Cambridge.

Yet it is not only in supporting transformational research that philanthropy adds value. As the Pearce Report of 2012 (HEFCE, 2012b) said: "Philanthropic investment is not an alien intrusion to the campus... but an organic part of achieving institutional clarity and of building effective relationships and partnerships."

The support of donors can be a progressive force: through bursaries and scholarships, it can enable students who would not otherwise be able to attend university to benefit from the life-changing power of higher education. Each year the Cambridge Bursary Scheme spends around £6 million on means-tested bursaries. And it enables outreach activities to take place, carrying the name of the university into society at large, and bringing in those who will benefit most from it. A donation from a former student has allowed the University of Cambridge and its Colleges to work with state schools and colleges around the U.K. to encourage more academically-able students to make competitive applications to top universities.

Where else are universities to find the funds for such far-reaching aims? Public finances are increasingly burdened with debt, low growth and the implications of an ageing population. Austerity remains the main bill of fare across Europe, despite efforts to soften the blow. Efforts to boost Europe's economies are focused on areas such as jobs, health and infrastructure — not

higher education. Yet, even if they were, it would not replace philanthropy. As the League of European Research Universities (LERU) said last year: “Philanthropy is not, and never should be, a substitute for public funding. It could, however, be the crucial key to unlocking every last drop of potential from our research-intensive universities.” (LERU, 2014)

BUILDING MOMENTUM

Across different parts of the world, there are vast differences in levels of philanthropy to the university sector. The culture of philanthropic giving in the United States continues to be held up as the gold standard, and justifiably so. The majority of universities in the United States have been able to rely upon a significant income from private donation. Many started taking fundraising activities seriously in the 1970s and 1980s; in some cases, sophisticated operations had been inaugurated decades earlier. Until recently, no similar apparatus had been developed in United Kingdom. Philanthropy benefited only a small number of well-known universities, and the number of benefactors was small. (HEFCE, 2014)

For the most part, there is a similarly underdeveloped culture of giving to universities across other European nations. A recent study of philanthropy across universities in the European Union made the bald assessment that “philanthropic fundraising is not, on the whole, taken seriously in European universities. Only a very small number of institutions are raising significant sums of money from this source, and even fewer are accessing philanthropic funding to pay for research and research-related activities.” (EC, 2011)

One reason for the difference in the culture of giving to universities in the U.S. and U.K. is that giving in Europe is historically focused on charitable causes. The U.K. population has a long history of giving to charitable causes and over half the U.K. population gives to charity each year. Yet, only 1.2% of U.K. alumni currently give to their university compared to ~10% of U.S. public universities (HEFCE, 2012b).

There is much ground to make up — even though the overall participation rate of charitable giving in the U.K. places it fourth in the world, ahead of the U.S.’s ninth position (Charities Aid Foundation, 2014a), there is clearly a huge potential for growth in European university philanthropy. We need to engage supporters and convey the understanding of the charitable impact that universities deliver.

British universities are now in a transitional stage with regard to building philanthropy. In the U.K., the government first made a serious and welcome attempt to engage with the issue of university philanthropy by commissioning the Thomas Report in 2004. This took as its starting point that universities function best when given increased control over their own destiny.

Indeed, figures from the past decade suggest that the level of financial support from benefactors to universities is gathering upward momentum in the U.K. There have been a number of major fundraising campaigns in Britain since the beginning of the 21st century — two of which have become the first outside the U.S. to pass the £1 billion mark in income received. Universities remain by far the most popular beneficiaries of large donations, accounting for 64% of the total value gifted in £1 million-plus donations during 2013 (Coutts, 2014). What's more, the most recent data from the annual Ross-CASE Survey — the most reliable indicator of philanthropy in British universities — showed total funds received in 2013-14 rose significantly to £807 million, exceeding the previous highest comparable total of £753 million in 2011-12.

There is still very large variation in income from philanthropy between different higher-education establishments. This is one thing that differentiates the U.K. and European picture from that of North America, where disparities exist, but almost all universities can rely upon at least some income from philanthropy. Within the U.K., the largest and most established universities continue to attract by far the greatest amount of philanthropic funding. In the latest figures, Oxford and Cambridge accounted for 40% of new funds secured in 2013-14; and other members of the Russell Group of research-intensive universities (excluding Oxford and Cambridge) received the next 38%.

This has led some commentators to cite a “Matthew effect” after the Biblical quote that “to all those who have, more will be given” (Matthew 25: 29). But, while it is true that elite U.K. universities currently receive far greater funds (as do universities carrying out medical or related research), scrutiny of the trends suggests that all higher-education institutions can benefit from investment in philanthropy. The Pearce Report noted that a number of universities formed after 1992 had achieved impressive results with imaginative and well-run development programs. The spread of large donations is also encouragingly diverse. A total of 53 universities received seven-figure gifts in 2013-4, and 16 higher-education institutions received eight-figure sums. (Ross-CASE, 2014)

Despite minor fluctuations, the headline figures and trends for giving in the U.K. are encouraging. If momentum is maintained, the rewards for universities could be rich indeed. If the growth trajectory of giving is maintained until 2022, there is potential to reach a total of £2 billion per annum. (HEFCE, 2012b)

Major campaigns have proved an extremely effective construct to generate enthusiasm, build momentum and create urgency. They have been embedded in the North American higher education landscape for generations. More recently, a significant number of universities in the U.K., mainland Europe and Australia have launched their own U.S.-style campaigns.

This mode of fundraising was pioneered in Europe by the University of Cambridge's 800th Anniversary Campaign, *Transforming Tomorrow*, which reached completion in 2011 after 10 years. A total of £1.2 billion was raised for the University and its constituent Colleges, and this marked the first time a university outside the United States had managed to pass the £1 billion mark.

The success of this campaign was not measured merely in the amount of money raised, but in opening our eyes to the enabling power of philanthropy. At the campaign's conclusion, more than 30 professorships had been supported by donations, and the value of the University's endowment was 35% higher in 2011 than it would otherwise have been. In addition, donations contributed around a third of the cost of major building projects at the University during the campaign's lifetime — a total of £225 million. Contributions to the University endowment reached £241 million.

This campaign demonstrated that if we engaged with philanthropy in a sustained and professional manner, we were able to achieve far more than we had previously imagined. With the benefit of this experience, we were able to set even greater targets for ourselves academically and philanthropically. Since the close of the campaign, we have continued to invest in building our philanthropic apparatus and maintain philanthropic support at an elevated level.

A raft of further high-profile programs with ambitious financial goals have been seen in recent years. Launched in 2008, the *Oxford Thinking* campaign at the University of Oxford became the second in the U.K. to pass the £1 billion figure in 2010-11 and is now aiming at a sum of £3 billion. Like the Cambridge appeal, it makes available opportunities at all levels of giving. While student support, academic posts and programs, and buildings and infrastructure have been identified as priorities for fundraising, *Oxford Thinking* also facilitates giving for donors who would prefer to see their money spent on specific College prizes, scholarships or bursaries.

In passing, it is worth noting that a hallmark of the most promising recent campaigns is that their branding is very much results-oriented, demonstrating the difference that universities — and thus their donors — can make in the wider world, as well as on campus. King's College London, for example, has branded its £600 million campaign *World Questions, King's Answers*; the University of Leeds has *Making a World of Difference*; and Sussex has *Making the Future*. The aims of the campaign and the desired impacts are clearly stated. Alumni and others are invited literally to buy into the university's mission. It represents a significant move onward from the model of simply instituting an opaque "annual fund" and expecting donors to contribute on the basis that the university knows best what to do with their money.

But what speaks most strongly of a nascent cultural change in philanthropy outside North America is the number of higher-education institutions

mounting their first-ever campaigns, notably including some of the longest-established universities. Though founded in 1850, the University of Sydney had not run a major fundraising initiative until it inaugurated INSPIRED in 2008, with the aim of securing A\$600 million (£310 million) from 50,000 supporters. In the same year, France's École Polytechnique — established during the French Revolution in 1794 — launched its own campaign. Its target figure is €35 million (£25.3 million) which it plans to raise exclusively from alumni. (Jackson, 2014)

TAKING PHILANTHROPY SERIOUSLY

What successful initiatives have in common is clear goals — and a well-defined statement of what the funding will be used to support — as well as a gearing up of investment and a corresponding increase in development activity for the duration of the campaign.

But fundraising needs to be sustained, consistent and oriented to the long term if it is to maintain momentum, to continue to engage existing donors and to succeed in enlisting new ones. This not only requires appropriate investment but also, as the European Commission's 2011 report made clear, it requires a cultural readiness among senior academic leaders and other research staff to commit time and effort to fundraising efforts.

Philanthropy can be encouraged by the removal of fiscal and regulatory barriers to universities accepting donations, as well as encouraging matched funding schemes. For example, HEFCE's matched-funding scheme, which operated for three years from August 2008, made available £148 million in Government funding to match philanthropic donations to English universities. (HEFCE, 2012a)

And universities that have success at fundraising recognize the importance of — and provide long-term resources to — fundraising, alumni relations and communications teams.

Yet such practical changes can only be the first steps to success in philanthropy. Success can only come from a university-wide culture that involves senior leadership, academics and administrators. As LERU's paper says: "Successful fundraising is nearly always the result of collaboration."

Potential benefactors want close contact with those leading the projects they support. And they want to feel part of the community of enquiry they are fostering, accompanying researchers in the trials as well as the successes of discovery.

There may be some resistance from those who believe that a *cordon sanitaire* must be maintained between research and the outside world. But this approach is not only outmoded, it is unrealistic in an academic world where

grant applications, administration and audits already absorb vast amounts of time and collaboration between different partners.

Philanthropy is a partnership. It is built on sustained and sustainable relationships. Take, for example, Sir James Dyson, who began by supporting research students at one of our Colleges — but then became inspired by the cutting edge science in the Department of Engineering. He established a professorship and research programs. Seeing the impact of this philanthropy and how effectively these donations were used by the University to leverage more funding and attract the best minds, he has made a further investment in Cambridge to put up a new Engineering Building.

It is worth returning again to the Pearce Report, and an affirmation of the value of philanthropy that is not easily bettered in its incisiveness: “At its best, philanthropic support not only adds financial resources to an institution, but also brings the intellectual and emotional engagement of the donor. Philanthropists are attracted by innovation, excellence and energy; their gifts also help to drive these qualities... It is notable how often interactions between donors and the projects, academics and students they support generate optimism and enthusiasm. This is a virtuous circle.” (HEFCE, 2012b)

In the U.K. and Europe, it is not simply a case of emulating the successful model of North American universities. The European Commission report coined the phrase “accumulative advantage” to explain the need to build on pre-existing fundraising performance, as well as the cultural and practical realities of what a university is, what it does and where it is located.

“Accumulative advantages accrue more easily to some institutions than others — such as those that have had centuries to develop links with donors, and that have long-standing reputations for excellence — but it is not true, or helpful, to view accumulative advantage as a structural force over which an institution has no control. The task is to find ways to create and grow such advantages for themselves.” (European Commission, 2011)

The Pearce Report also offers valuable guidance to universities in the practicalities of implementing an effective development operation (HEFCE, 2012b; HEFCE 2014; Universities U.K., 2014). But models may vary from country to country, and institution to institution.

What is not optional is the drive to harness the power of philanthropy for the good of the higher education sector. We must take philanthropy seriously. Cambridge’s mission statement is succinct. It is “to contribute to society through the pursuit of education, learning, and research at the highest international levels of excellence.” Such a mission — which is our charitable purpose — cannot be achieved without philanthropy.

CONCLUSION

In conclusion, research universities can take encouragement from the success of Cambridge and similar institutions in attracting funding on a scale unprecedented outside North America. But every type of higher education establishment can — and indeed should — seek philanthropic support for its activities.

Philanthropy is the critical element that enables ongoing academic autonomy and long-term research. It is the keystone of alumni relations, and the driving force behind the recruitment of new stakeholders into the mission of the university. It is the catalyst for discovery at a time of unparalleled financial challenge.

Moreover, philanthropic support has a value beyond the financial. The association between donor and university is a two-way partnership, benefiting both. It gives donors an active role in the mission of the university to serve society and a presence in discovery, education and intellectual progress. It grants alumni the opportunity to engage with their *alma mater*, share in its ambitions and profit from a lifelong association. It binds the university into wider society, and prevents academic communities from becoming insular and self-regarding by demanding that they clearly explain the nature and value of their work. Enabling philanthropy is not just a bonus. It is an obligation for universities if they are to fulfil their mission.

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