

National Implications: Why HBCU Presidents Need Entrepreneurial Focus

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ABSTRACT

Public Historically Black Colleges and University (HBCU) presidents are being increasingly called upon to develop an entrepreneurial spirit that encourages fundraising from the private sector. Fundraising at HBCUs is no longer the sole responsibility of development officers. The overwhelming truth is that donors want relationships with CEOs, not managers. So often, donors need to feel connected to the cause and the recipient. This connection presupposes direct presidential involvement in the cultivation activities for donors. Unfortunately, many HBCU presidents fail to engage in the donor cultivation and stewardship process that creates a continuum of giving by alumni, foundations, corporations, and other university friends who have an interest in charitable giving. The purpose of this article is to discuss the importance of presidential involvement in fundraising at HBCUs.

Introduction

In reviewing the literature regarding alumni giving, it was determined that predominantly white institutions have alumni giving rates that range between 20-60 percent while black college alumni giving rates typically fall below ten percent. At a time when endowments are decreasing due to economic forces and public support of institutions of higher education is at an all-time low, it is a matter of survival that black colleges increase their giving rates (Gasman, 2003, p.22).

Purpose of the Article

This purpose of this article is to demonstrate the importance of entrepreneurial orientation of public HBCUs and university presidents and to illustrate how those orientations are related to the revenue-generating activities of their institutions and the institutions' financial stability.

The Problem

Increasing the endowments at HBCUs means placing more emphasis on cultivating alumni and educating them about the importance of philanthropy. Advancement professionals at these specialized institutions face a growing dilemma – how to strengthen university resources in a climate that has historically relied almost wholly on public funding. Public HBCUs will eventually be forced to identify private resources to survive and thrive. The higher education landscape is changing rapidly and both private and public institutions are searching for new revenues – requiring more entrepreneurial ways (Bowen and Shapiro 1998).

Background of the Problem

Changing economic conditions at the state level have reduced the amount of governmental support available to public institutions of higher education. These shrinking revenues have added a new responsibility to chief executive officers at institutions of higher education. Embracing an appreciation for cultivating relationships with donors is a must step for university presidents at public institutions. This is a

different and oftentimes unwelcome responsibility among HBCU institutional leaders (Birnbaum, p. 39).

The fact of the matter is simply that HBCUs have to step up to the plate in order to compete with majority institutions. The competition is on for student enrollment, student recruitment, public funding, and now private fundraising. The need for funds has put tremendous pressure on the presidents of HBCUs--so much that 25 percent of all presidents of these institutions left their jobs during the two-year period between 2000 and 2002. A major source of these fundraising difficulties arises from the small size of the institutions and from their less-affluent alumni bases (New York Amsterdam News 2002).

Presidential Entrepreneurialism

Clark's (1998) theoretical framework is the basis for defining and understanding the entrepreneurial university. Entrepreneurial activities comprise third-stream income sources that include 1) innovative and profit-based, self-supporting operations that go beyond traditional sources, such as business development activities and innovative retail sales operations, 2) activities that develop and enhance traditional income streams such as endowment and tuition, and 3) activities that involve both traditional and nontraditional aspects, such as distance learning, which uses nontraditional methods of teaching to gain tuition, which is a traditional source of income (Riggs, p. 30).

Presidents Can Cultivate Satisfied Donors and Help Fundraisers Achieve Results

Engaging in basic, traditional fundraising efforts will help HBCU presidents secure substantial gifts from untapped donors as well as donors who have a history of giving. Having an appreciation for the donor's wishes is what presidents should embrace first. If a donor does not feel connected to an organization or its leadership, the likelihood of acquiring a major gift is minimized. Philanthropists rely on their relationships with organizations to influence their giving. The lack of connection between prospective donors and organizations results in unsatisfied philanthropists. It is incumbent upon the fundraiser and the institutional leader to resolve any differences in philosophical underpinnings prior to donor cultivation. Cultivating meaningful and impacting gifts means resolving deliberative conflicts through choices grounded in responsibilities to persons (Johnsen, p. 115).

Senior fundraising professional and author, Penelope Burke, addresses donor philosophy best by saying, "When a donor sits down to write a check, her heart may be racing, she may be imagining how you will react when you open the envelope, and she is certainly wondering whether her gift will have a positive impact on the work you both

cherish” (Burke, p. 15). This statement is the foundation of the fundraising profession and a concept that university presidents should note. People give money to people, not causes. In translation, philanthropists give careful consideration to making sizeable donations, and when cultivated by the right person at the right time, the organization reaps the best harvest.

Historically Black Colleges and Universities (HBCUs) have only recently embraced the concept of matching donor preferences with institutional funding needs. Approaching donors from this angle has yielded more resources for HBCUs. Many of these schools have discovered that using presidents to call alumni produces results. When alumni receive a call from the current president, they feel important. They feel like their gift was truly appreciated. Establishing such a relationship will nearly guarantee support. In the fund development community, stewards often overlook the importance of building relationships. It is imperative that presidents understand and respect donors.

Concluding Remarks

In conclusion, presidents and other upper-level administrators should embrace the understanding of fund development’s importance to institutional financial stability. Administrators must be equipped with meaningful data that will offer insight to enhance the revenue stream from alumni and private industry. “If historically Black colleges are to survive, they must learn how to plan effectively within the institutional context to achieve their desired fund-raising results” (Barrett, p. 7). It is obvious that these specialized institutions must implement some method of strategic planning to develop advancement activities and strategies.

Employing a rational approach to developing and implementing a comprehensive fundraising campaign is key. Identifying institutional needs, developing plans for achieving those needs, beginning to implement those plans, and actually executing the campaigns will be critical to the survival of these institutions.

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