From Altruism to Investment: Venture Philanthropy and its Impact on Shared Governance at Liberal Arts Colleges

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FROM ALTRUISM TO INVESTMENT: VENTURE PHILANTHROPY AND ITS IMPACT ON SHARED GOVERNANCE AT LIBERAL ARTS COLLEGES

by

Joshua D. Merchant

A dissertation submitted to the Graduate College in partial fulfillment of the requirements for the degree of Doctor of Philosophy Educational Leadership, Research, and Technology Western Michigan University April 2014

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FROM ALTRUISM TO INVESTMENT: VENTURE PHILANTHROPY AND ITS IMPACT ON SHARED GOVERNANCE AT LIBERAL ARTS COLLEGES

Joshua D. Merchant, Ph.D.
Western Michigan University, 2014

Competition for philanthropic dollars has escalated in recent years, particularly in higher education. A new type of charitable giving – venture philanthropy – has emerged and is impacting both educational policy and practice. Venture philanthropy involves donors using business models, championed practices of venture capitalists, and decision making procedures to drive their philanthropy and ongoing engagement with organizations they support.

Venture philanthropy has the potential to improve the financial vitality of colleges and universities. However, it also poses significant questions to the academy as more colleges and universities engage with donors who embrace its tenets. The primary research question seeks to understand in what ways venture philanthropy has impacted shared governance of private liberal arts colleges. Secondary research questions explore who the decision makers involved in the cultivation, solicitation, acceptance, and implementation of the gift were; the benchmarks, goals, and results that were agreed to before the gift was received; the motivation and process of accepting the gift; and, the lessons learned. Administrators and faculty leaders at two liberal arts colleges were
interviewed to determine how such gifts functioned within a collegial shared governance model.

The study indicated that the collegial model of shared governance needs to evolve to reflect the changes of philanthropy in higher education. Faculty members want to be more engaged both in setting priorities and in the fundraising process. Administrators need to promote increased transparency, trust, and engagement with faculty in the philanthropic process. A new gift process needs to be formalized to manage venture philanthropy gifts. Finally, the collegial model, in practice, does not match theory. Venture philanthropy donors have an incredible opportunity to financially impact colleges and universities nationwide, but traditional theories of shared governance have not kept pace with the changes of external influence on higher education. Recommendations for practices include promoting a shared vision more widely, increasing transparency and consensus building, improving faculty engagement in philanthropy, strengthening leadership in negotiating gifts, creating strategies for embracing venture philanthropy, and improving the process of venture philanthropy gift acceptance.
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CHAPTER I

INTRODUCTION

We need philanthropy to support people researching, incubating, and developing new ideas. Caring about the future of philanthropy and foundations is caring about ourselves, our communities, our society, and our ability to renew ourselves. (Remarks by Susan V. Berresford, President, Ford Foundation at Washington University Center for Social Development, 2001)

“No single force is more responsible for the emergence of the modern university in America than giving by individuals and foundations” (Hall, 1992, p. 404). Philanthropy has evolved to support all aspects of higher education from student scholarships and athletics to capital projects and endowment. Giving in the U.S. has significantly impacted higher education (Drezner, 2011). As many colleges and universities are still formalizing and growing their development offices, others have sophisticated operations that have raised billions of dollars to support a variety of needs. In 2012 charitable giving in the United States grew to $316.2 billion (Heavey, 2013). According to a 2013 report of the Council for Aid to Education, educational institutions garnered $31 billion in fiscal year 2011-12, a 2.3 percent increase over 2010-11 (Russell, 2013). “Philanthropy and fundraising have probably never been more important to higher education than today” (Drezner, 2011, p. xi).

Forbes recently released its 2012 list of billionaires and there is an all-time high of more than 1,226 billionaires worldwide. The U.S. boasts the most, a total of 426. This group of the mega rich accounts for more than $4.6 trillion in combined wealth. The net
worth of the group is up more than two percent from the previous year (Kroll, 2012).
The extremely wealthy are part of a global economy that is seeing from five to seven percent annual growth (Ottenhoff, 2011). In 2010, 87 percent of charitable giving derived from individuals or family foundations, resulting in more than $212 billion in contributions (Ottenhoff, 2011). That number grew in 2011 to $220.3 billion and in 2012 it grew by 3.5 percent to $228.9 billion (Heavey, 2013). The wealthiest American households are largely responsible for two-thirds of charitable giving, and, increasingly, philanthropy experts believe that the nonprofit sector is going to look to the wealthiest Americans for support (Ottenhoff, 2011).

Competition for philanthropic dollars is becoming quite fierce (Strout, 2005). State and federal funding levels have, and continue to, diminish and the number of nonprofit organizations competing for philanthropic dollars consistently increases (Elliott, 2006; Strout, 2005). Philanthropic giving to higher education has never exceeded more than one percent of total educational funding (Kumashiro, 2012). Even recognizing that the financial impact is minimal, a change in educational policy and practice has been evolving, and the climate has changed unlike any other time in history (Kumashiro, 2012). The roles of business and philanthropy have changed and blurred together in many respects. In order to fully understand the current higher education climate, Kumashiro (2012) believes it is important to understand the “interrelated histories of philanthropic and corporate influence” (p. 12) on higher education.

Higher education is becoming increasingly market driven (Duderstadt, 2003). Colleges and universities are competing for students, faculty, governmental support, athletic success, brand awareness, and, yes, philanthropy. The market driven competition
is exacerbated by several very wealthy, private, elite colleges and universities that are able to financially attract the best students and faculty (Dunderstadt, 2003; Elliott, 2006). Market driven competition has forced public colleges and universities to increasingly compete with private institutions of higher education for philanthropic dollars.

Because of declining governmental support and a need for increased revenues, public institutions are looking at their business operations differently (Duderstadt, 2003; Kumashiro, 2012). They are participating in comprehensive fundraising activities at unprecedented levels in order to compete (Elliott, 2006). Whereas philanthropy was embraced early by private colleges and universities, public colleges and universities have more recently entered into the philanthropic landscape. Colleges and universities are looking to donors to underwrite their budget woes (Drezner, 2011). The competition for private sources of funding has made it more challenging for both private and public institutions of higher education to secure much needed funding.

Economic conditions have also impacted the higher education climate and lent an increased focus on the importance of fundraising activity. The National Association of College and University Business Officers (NACUBO) Endowment Study reported an average endowment decrease of 30 percent in fiscal year 2008. In the first half of fiscal year 2009, endowment returns fell an additional 23 percent (Drezner, 2011). As a result of these economic difficulties, colleges and universities were challenged to increase revenue and began to engage in new fundraising strategies that would increase their visibility, provide added value, support capital endeavors, and increase endowment. Sustainability and success will depend on organizations’ ability to change thinking, change practices, and change how resources are attained (Drezner, 2011; Elliott, 2006;
Wolfe, 2002). Fundraising success is achieved through the use of a multi-faceted development program. Colleges and universities are using sophisticated fundraising vehicles such as the annual fund, major and principal gifts, planned giving, and corporate and foundation relations as methods to qualify, cultivate, solicit, and steward donors (Drezner 2011).

A new type of philanthropy has emerged and is impacting both educational policy and practice (Frumkin, 2001; Kumashiro, 2012; Pulley, 2007; Romirowsky, 2007). This new type of charitable giving is venture philanthropy, and colleges and universities are paying attention (Bornstein, 2001; Marcy, 2001). Venture philanthropy is donors using business models, championed practices of venture capitalists, and decision making procedures to drive their philanthropy and ongoing engagement with the nonprofit organizations (Backer, Miller, & Bleeg, 2004; Capers & Gooneratne, 1998; Frumkin, 2001; Kumashiro, 2012; Reis & Clohesy, 1999; Romirowsky, 2007; Saltman, 2010; Wolfe, 2002). Philanthropy may be experiencing the greatest revolution in more than 50 years with the emergence of venture philanthropy, and the financial benefits can be significant (Cobb, 2002; Marcy, 2001).

Reis and Clohesy (1999) defined venture philanthropy’s significance, implications, and impact in changing the charitable giving landscape. They identified a set of assumptions to validate the emergence of the practice. Those assumptions are:

1. The transfer of wealth to the baby-boom generation is providing an unprecedented opportunity for resources to flow into philanthropic and nonprofit ventures. Estimated to make available approximately $1 trillion for philanthropy, the sheer size of the transfer of wealth – as well as the
anticipated distribution of this transfer into thousands of small- and medium-size funds – will change the face of philanthropy.

2. Society’s intractable social and economic problems are not solvable through fragmented, single sector programs – all sectors need to work together, exchanging and sharing traditionally accepted roles.

3. The rapid adaptation of entrepreneurial solutions for sustainability of innovations and financing require systems for growing and maintaining services at a scale proportionate to need.

4. A critical mass of readiness and momentum for new kinds of social investing is emerging and can be catalyzed for greater impact and effectiveness.

5. Without systematic intervention to accelerate and improve what is happening, substantial numbers of new donors and social entrepreneurs could be discouraged, turned off, and lost from philanthropy and social change work.

6. Experienced funders are needed as partners with new funders to create bi-directional mentoring that leads to a deeper appreciation of lessons learned from previous experiments as well as to new ideas, learning, and action opportunities for old and new funders.

7. A useful intervention into this evolution of philanthropy and social development needs structure and leadership that is formed collaboratively and “owned” by many stakeholders; it cannot be owned and led by one entity (pp. 4-5).
Reis and Clohesy (1999) further support that venture philanthropy should be recognized as a philanthropic methodology. The venture philanthropy model is no longer just a concept; its impact is noticeable (Bernholz, 2000; Cobb, 2002; Romirowsky, 2007).

There are hundreds of organizations embracing components of venture philanthropy; however, there continues to be a significant amount of debate about the principles of venture philanthropy without very much academic research in this area (Venture Philanthropy, 2003). Venture philanthropy techniques have been emulated by many donors and they have changed how charitable giving conversations are taking place (Venture Philanthropy, 2003).

As earlier noted, colleges and universities are turning to philanthropy to meet budgetary demands. Government (both state and local) support is decreasing at significant rates and fell to a quarter-century low in fiscal year 2011 (Kelderman, 2012). Costs for tuition, research and general operations continue to rise (Drezner, 2011; Kumashiro, 2012). “Given this context, the need for more research on voluntary support is apparent” (Drezner, 2012, p. ix). With the increased importance of philanthropy, the lack of academic research on philanthropy, and specifically on venture philanthropy, is surprising (Boverini, 2005; Venture Philanthropy, 2003). Even though venture philanthropy is relatively in its infancy in comparison to the long term development of traditional philanthropic practices, “hundreds of organizations claim to be using venture philanthropy principles” (Venture Philanthropy, 2003, para. 5).

Venture philanthropy is making headway into institutions of higher education in commanding form and is motivated by the ineffectiveness of traditional philanthropy (Elliott, 2006). Venture philanthropy donors are interested in personally directing their
gifts and the outcomes of those gifts (Moody, 2008). The Center for Venture Philanthropy defines the practice in five key elements:

1. Investments in long-term (3-6 year) business plans;
2. A managing partner relationship;
3. An accountability-for-results process;
4. Provision of cash and expertise; and

Because of its business-like practices, venture philanthropy is generating considerable attention amongst business and nonprofit leaders (Bornstein, 2001). Higher education was one of the early adopters of venture philanthropy. However, it has taken some time for scholarly research to catch on to the trend. In recent years, some academic centers have begun researching the process and impact of venture philanthropy and its impact on colleges and universities (Drezner, 2011).

Venture philanthropy has the potential to improve the financial vitality of colleges and universities. However, venture philanthropy does pose significant questions to the academy as more and more colleges and universities are engaging with individual donors who embrace its tenets. Some believe that venture philanthropy is just misunderstood amongst the philanthropic framework of nonprofit organizations, especially amongst colleges and universities; while others believe it is the demise of the foundation and core mission of higher education institutions (Bornstein, 2001; Miller & Bellamy, 2012).

College and university leaders often fail to recognize the components of venture philanthropy and its impact on their institutions. Even though scholarly research is limited, popular media has focused much attention on the topic. However, it has tended
to focus its attention solely on large, research-intensive universities. This is concerning because leaders at liberal arts colleges have limited information, if any, to scholarly research and literature that would bring attention to venture philanthropy within the landscape of liberal arts colleges. Venture philanthropy has a significant impact on the institutions that accept gifts of their nature (Bornstein, 2001; Boverini, 2005; Marcy, 2001; Pulley, 2007). As such, it is important to better understand how venture philanthropy impacts shared governance at liberal arts colleges. This understanding will add significant value to the body of scholarly knowledge, as well as provide a roadmap for liberal arts colleges to accept gifts of venture philanthropy within a system of shared governance.

**MODEL OF THE COLLEGIAL INSTITUTION**

Birnbaum’s (1988) model of a collegial institution will provide the primary framework to understand the unique climate of shared governance and advancing academic mission at liberal arts colleges. Venture philanthropy is relatively new as a philanthropic practice, and understanding the model of collegial institutions will guide the creation of a theoretical framework of venture philanthropy at work within liberal arts colleges.

Collegiality is defined as the right to participate in college issues and affairs; the active participation of a faculty body where friendship, conversation, and mutual support are valued; and equality of academic study (Birnbaum, 1988). Collegial institutions are defined as colleges that value consensus, shared governance and decision making, common goals, and shared vision (Birnbaum, 1988; Bush, 2003).
Birnbaum’s collegial model values both thoroughness and discussion as important factors to reaching consensus (Birnbaum, 1988). Consensus is an important aspect of collegiality. A lack of collegiality can, and will often, result in high conflict and high stress (Hatfield, 2006). In creating consensus, members of the collegium recognize that some members of the college are more influential than others (Birnbaum, 1988). In most cases, this is based on both status and tenure of service. Decisions within the collegium are both egalitarian and democratic: members of the faculty and administration both are valued as equals (Birnbaum, 1988; Edelstein, 1997).

Many institutions of higher education champion hierarchy and administrative procedures; however, these are limited in collegial institutions (Birnbaum, 1988). The model of collegial institutions promotes open discussion. This important facet of the model encourages deliberation to allow for reservations, opinions, and support to be stated openly and debated. Members of the faculty, within the collegial model, need to feel heard, understood, and have their viewpoints validated, even if there is disagreement (Birnbaum, 1988).

The values of the collegium are represented by leadership and are presented by the administration to its key constituencies (Birnbaum, 1988; Bush 2003). Faculty sees leadership, especially the president, as an extension of themselves. Because members of the faculty view the president as being elected, they see the president in a role to promote the views and values of the academy (Birnbaum, 1988). Members of the faculty do understand that the president has powers that are not availed to the members of the collegium and are aware of the importance of this difference. However, it is very
important to recognize that presidents are not seen as bosses at colleges that model the collegial institution. Working together is imperative (Birnbaum, 1988; Townsley, 2009).

The framework of the collegial model promotes shared thoughts and values related to the purpose or mission of the college (Birnbaum, 1988). A shared understanding of the mission is important, and its absence can create stress and failure (Birnbaum, 1988; Sturgeon, 1994). External pressures and competition can blur the mission and may force colleges to forgo some elements of shared governance (Birnbaum, 1988; Bok, 2003).

The relationship between the faculty, administration, and trustees is very important within this model (Birnbaum, 1988). However, Birnbaum’s collegial model does not address all issues of governance that arise within the academy. The model fails to define the legal authority between various groups within the collegium, and it overlooks the necessity and importance of standard procedures of the daily operation of the institution (Birnbaum, 1988).

A good presidential leader within the collegial model should be responsive to the faculty (Birnbaum & Eckel, 2005; Buchholz & Roth, 1987). Furthermore, an important component of effective presidential leadership, within the collegial model, must be a demonstration of benefits to the collegium in exchange for some degree of yielded autonomy (Birnbaum, 1988; Bolman & Deal, 2003; Bush, 2003). Members of the collegium are very willing to give up some autonomy to the president in exchange for increased prestige and resources (Birnbaum, 1988).

According to Kezar and Eckel (2004), liberal arts colleges most often franchise Birnbaum’s model of a collegial institution. Liberal arts colleges, with small numbers of
faculty and only a few administrators, have very little trouble championing the collegial model to achieve the previously described characteristics (Birnbaum, 1988; Kezar & Eckel, 2004). Birnbaum (1988) notes that true collegiality is demonstrated where individuals share the same interests and promote a joint mission. Liberal arts colleges, by their sheer size and definition, best fit within the collegial model of governance (Birnbaum, 1988; Kezar & Eckel, 2004).

THE CHANGING LANDSCAPE

Private colleges are crumbling beneath the weight of daily pressures and concerned about the prospect of yet another beating from the market. For leaders at these colleges, strategy has been reduced to a frenzied search for the next new dollar, without reasonable regard for management practices, market position, or long-term operational efficiency. (Townsley, 2009, pp. 207-208)

Liberal arts colleges are battling the pressures of increasing costs, rising tuition, and demands of career readiness preparation as a primary focus.

These pressures alone weigh heavily on the future of independent residential liberal arts colleges. However, their impact is compounded by the contemporary environment of social change and societal demands. As a result, the educational state of these colleges is being fundamentally challenged and their continuing viability seriously threatened. (Lang, 1999, p. 133)

There has been a significant shift away from shared governance over the past several decades (Kezar & Eckel, 2004; Shinn, 2004). External influences and
pressures have demanded quicker decisions and, as a result, shared governance is becoming less and less participatory (Kezar & Eckel, 2004).

The way private liberal arts colleges choose to answer the question, “How shall we govern ourselves in the 21st century?” has a great impact on what kinds of institutions they can and will become. The urgency of this issue is apparent in public criticism, in governance disputes on many college campuses, and in recent publications on governance and the presidency. (Shinn, 2004, p. 18)

Pressures for colleges and universities to be more entrepreneurial have resulted in a weakened governance system.

In 2004, colleges and universities reported $24.4 billion in fundraising and, by 2011, they recorded $30.3 billion (BieMiller, 2012; Strout, 2005). Fundraising has, and will continue, to alleviate many financial concerns (Blumenstyk, 2003; Drezner, 2011; Elliott, 2006; Wolfe, 2002). Higher education is depending on philanthropy more and more to provide added value, underwrite budget reductions, and create enhanced programs. And as philanthropy’s importance continues to grow, public scrutiny will grow along with it (Frumkin, 2001; Wolfe, 2002). Academia has increased its engagement with the corporate sector for added resources (Borenstein, 2001; Duderstadt, 2003; Eckel, 2003; Skloot, 2000). As colleges and universities become more entrepreneurial, it is inevitable that governance and leadership will need to change.

CONCERNS FOR THE ACADEMY

Administrators and faculty are concerned about the financial implications of venture philanthropy on colleges and universities (Bornstein, 2001). But some are more
concerned about the impact and influence on long standing traditions of shared governance and mission being left out of the decision making processes (Miller & Bellamy, 2012; Shinn, 2004). The pressures to raise much needed resources, combined with donors who want higher levels of engagement, are challenging administrators to balance fundraising with the maintenance of the core foundation of the academy (Bornstein, 2001; Elliott, 2006; Kramer, 1980; Payton, 2006). Venture philanthropists want to see colleges and universities run effectively, demonstrate a return-on-investment, and they are not afraid to challenge the status quo (Colvin, 2005; Pulley, 2007).

Venture philanthropists can be very critical of how colleges and universities do business, and there is a relational threat of balancing power and management (Bornstein, 2001; Wolfe, 2002). In many circumstances, college and university officials do not understand the language and expectations of venture philanthropists, nor the complexities and challenges of venture philanthropy practices (Allen, 2002; Elliott, 2006; Miller & Bellamy, 2012; Moody, 2008). Few college and university development programs have the capacity to understand and embrace venture philanthropy donors (Allen, 2002; Pulley, 2007; Wolfe, 2002). As such, it is challenging to communicate to venture philanthropists that colleges and universities do not, nor will, generate results similar to the for-profit world (Bornstein, 2001). The strings attached can be challenging for traditional forms of academic governance to embrace (Bornstein, 2001; Miller & Bellamy, 2012).

More specifically, venture philanthropy also threatens the value of shared governance. Venture philanthropy donors expect a high level of involvement with the decision-making regarding the use of their gifts (Bornstein, 2001; Strout, 2004;
Washington Regional Association of Grantmakers, 2005). Such expectations often have a direct impact on governance structures. Scholarly research shows that documented venture philanthropy gifts have demonstrated limited engagement with faculty and have given the academy great concern (Eckel, 2003; Miller & Bellamy, 2012).

It is no surprise that faculty see academic freedom at risk when venture philanthropy enters the governance mix (Eckel, 2003; Elliott, 2006; Hechinger, 2007; Miller & Bellamy, 2012; Schmidtlein & Berdahl, 2005; Wolfe, 2002). Academic freedom and autonomy are important to the faculty. The academy is not accustomed to donors having control. “Despite its market sensitivity, the academic enterprise is driven by powerful internal forces that provide it with an unusual degree of autonomy and, as a result, a capacity to resist pressures from external constituencies” (Hall, 1992, p. 403). These are core foundations of the academy (Hall, 1992). With increased pressures to raise needed resources, influence and a disregard for academic freedom and autonomy are possible (Hechinger, 2007; Miller & Bellamy, 2012).

Finally, venture philanthropy poses a large threat to the core mission of colleges and universities that engage with donors to support their particular organizations (Basinger, 2001; Bornstein, 2001; Kumashiro, 2012). Institutional mission is the core foundation that serves to legitimize decisions, practices, and the very existence of colleges and universities (Elliott, 2006). Threats to core mission are significant concerns for colleges and universities under enormous pressures to increase resources and engage with high-impact donors.
RESEARCH FOCUS AND QUESTIONS

The goal of this study is to better understand venture philanthropy and its impact on shared governance at liberal arts colleges. Through Birnbaum’s model of the collegial institution the study will contribute to the body of scholarly research by understanding how liberal arts administrators, development staff, and faculty members can preserve the practices of shared governance in an environment where venture philanthropy gifts have been accepted. This study will investigate how venture philanthropy can fit specifically within the unique collegial model of shared governance at liberal arts colleges. To best achieve this goal, literature and research will be presented to better understand the conceptual framework.

1. In what ways has venture philanthropy impacted shared governance of private liberal arts colleges where charitable gifts, that typify the characteristics of venture philanthropy, have been accepted?
   a. Who were the decision makers involved in the cultivation, solicitation, acceptance, and implementation of the gift?
   b. What, if any, benchmarks, goals, and results were agreed to before the gift was received?
   c. What was the process of accepting the gift?
   d. What was the motivation to accept the gift?
   e. What lessons were learned that might guide future gifts of this type differently?

These research questions seek to define meaning and develop significance. Therefore, this study will utilize qualitative case study methods to uncover information
and to explore new relationships of venture philanthropy to Birnbaum’s model of the collegial institution.

The study will be executed by employing a multi-case study design to approach the research. Yin (2003) advocates for multiple case studies because they are more compelling and add greater richness to the findings than just one case study. The study will utilize interviews as the primary instrumentation. Creswell (2007) notes that a good case study analysis employs research from multiple sources; therefore, interviews will be conducted with administrators, development staff, and faculty members. Data analysis will include both the literature review and information collected from the research questions. Emergent themes will be captured, and hypotheses will be made. Further comparing and contrasting of the case studies will allow for all emergent themes to be appropriately reviewed and taken into consideration before recommendations are made.

**SIGNIFICANCE OF THE STUDY**

At a growing rate, chief academic officers are expected to take a proactive role in fundraising and meeting the demands of resource strapped environments (Cook & Lasher, 1996). Colleges and universities are becoming more market driven, seeking additional external resources, and doing business differently to meet pressures of competition and goals of the academy (Drezner, 2011; Duderstadt, 2003; Elliott, 2006; Kumashiro, 2012; Wolfe, 2002). Many colleges and universities are engaging in fundraising as a revenue source to meet their challenges and funding shortfalls.

The growing importance of private funding for the future of higher education combined with the emergence of this new type of donor creates a need to
understand more about this donor group – their characteristics, motivations, and goals for how the academy uses their dollars. (Boverini, 2005, p. 7)

Additionally, the majority of literature on governance focuses on concerns to public and research universities and little attention is given to the role of shared governance at liberal arts institutions (Shinn, 2004).

The significance of the study is to examine the context of venture philanthropy within a model of shared governance at liberal arts colleges and determine whether the traditional collegial model of shared governance can accommodate, or be altered to accommodate, the emergence of venture philanthropy in a way that enhances and advances the mission, vision, and values of liberal arts institutions. Venture philanthropy can be problematic as it has the potential to undermine the mission, vision, and goals of institutions (Dees, 1998; Reis & Clohesy, 1999). This can create a problem for liberal arts colleges where the core mission, vision, and goals are based on the foundation of shared governance. Since the problem is justified to be of sufficient importance, a study of venture philanthropy and shared governance at liberal arts colleges is warranted to contribute to the body of knowledge in education (Ary, Jacobs & Razavieh, 1996).

LIMITATIONS

A limitation of this study is the lack of attention given to venture philanthropy and liberal arts colleges both in scholarly research and in the popular media. Furthermore, to conduct a qualitative study only focusing on liberal arts colleges limits the understanding of venture philanthropy and its impact on shared governance.
Another limitation of this study is the author’s direct experience of being a fundraising professional for nearly 15 years, and being an administrator of a nationally prominent liberal arts college for more than 4 years. Because my professional career choice significantly influenced my topic interest, it is recognized that I may retain some beliefs and anticipated findings prior to conducting the research. I will need to minimize these opinions in order not to influence the study. Recognizing this as a challenge, I will itemize my beliefs and consider them in my research execution and conclusions. Another limitation is the number of case studies included in the study. Because the topic is relatively unexplored within liberal arts institutions, only two case studies have emerged to participate within the research study.

**DEFINITIONS**

There is an importance to understanding not only definitions for the basis of the research, but to also understand the evolution of terminology as it relates to venture philanthropy. For the purpose of understanding the theory, the following two definitions will be used to best understand the collegial model of governance. Bush (2003) defines it as:

> Collegial models assume that organizations determine policy and make decisions through a process of discussion leading to consensus. Power is shared among some or all members of the organization who are thought to have a shared understanding about the aims of the institution. (p. 64)

Furthermore, Birnbaum (1988) describes the collegial model as being the right to participate in college issues and affairs; participation of a faculty body with friendship,
conversation, and mutual support; and equality of study wherein no academic discipline is given priority in worth or preferential treatment.

There is an underlying desire for venture philanthropists to use business metaphors in their philanthropic work to measure not only the impact of their giving, but to also have an impact by the very introduction of the new language in the nonprofit world (Frumkin, 2001). The terminology that is unique to the research will be defined further in the literature review.

Some key definitions should be noted. There are many titles associated with donors engaged in venture philanthropy. The Center for Venture Philanthropy refers to involved donors as philanthropic investors. Others call them new philanthropists or social entrepreneurs (Bornstein, 2001). The Washington Regional Association of Grantmakers (2005) calls them donor-investors because of how they invest in their involvement with charitable organizations. The following terms are interchangeable throughout research: venture philanthropist, social entrepreneur, new innovators, new philanthropists, new donors, and yes, new-economy do-gooders. Furthermore, the terminology and phrases such as venture philanthropy, performance based philanthropy, high-impact philanthropy, new philanthropy, transactional philanthropy (Romirowsky, 2007), and social entrepreneurship are also interchangeably used in the research. Table 1 provides a translation of some key terminology to begin thinking about how venture philanthropy concepts are translated from more traditional concepts.

Table 2 gives another perspective to translating the terminology. A Stanford Business School case study of The Roberts Enterprise Development Fund, a social
venture capital practice, identifies the new language used by venture philanthropists (Reis & Clohesy, 1999).

Table 1

<table>
<thead>
<tr>
<th>Venture Philanthropy Term</th>
<th>Translation</th>
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<tbody>
<tr>
<td>Investment</td>
<td>Grant</td>
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<tr>
<td>Investor</td>
<td>Donor</td>
</tr>
<tr>
<td>Social return</td>
<td>Impact</td>
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<tr>
<td>Performance measurement</td>
<td>Evaluation</td>
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<tr>
<td>Benchmarking</td>
<td>Standard setting</td>
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<tr>
<td>Due diligence</td>
<td>Grant review process</td>
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<tr>
<td>Consultative engagement</td>
<td>Technical assistance</td>
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Table 2

<table>
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<tr>
<th>Old Terminology</th>
<th>New Terminology</th>
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<tbody>
<tr>
<td>Grants</td>
<td>Grant equity</td>
</tr>
<tr>
<td>Funder</td>
<td>Investor</td>
</tr>
<tr>
<td>Grantee</td>
<td>Investee</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Measurement</td>
</tr>
<tr>
<td>Grant proposal</td>
<td>Business plan</td>
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</tbody>
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**Note:** A report to the W.K. Kellogg Foundation. Adapted from “Unleashing New Resources and Entrepreneurship for the Common Good, a Scan, Synthesis and Scenario for Action,” T. Reis & S. Clohesy, 1999, p. 9.

It is also important to define traditional philanthropy. Traditional philanthropy is the most common known type of philanthropy. Also called transactive philanthropy or
responsive philanthropy, this type of giving involves nonprofit institutions presenting their missions in hopes of receiving funding (Carlson, 2000; Emerson, 2000).

To begin thinking about the context for this study, I chose to cite the research of Reis and Clohesy (1999) as they define three concepts that are extremely relevant to the significance of the study:

*Social Entrepreneurship* – Social entrepreneurs create social value through innovation and leveraging financial resources – regardless of source – for social, economic, and community development. The expectations for nonprofits to provide services and achieve social change at a larger scale while also diversifying funding resources are motivating social entrepreneurs to invent organizations that are hybrids of nonprofit and for-profit structures. The innovations of social entrepreneurs and the organizational models they are creating require new perspectives and responses from traditional philanthropy.

*Business and Social Responsibility* – Pressures from an active and vocal civil society, along with enlightened corporate leadership, are motivating many businesses to reconsider how they can be responsible about their business and the communities in which they work and serve their customers. Such responsibility has been shown to lead to increased corporate marketability and profitability. This is creating new opportunities and incentives for the commercial sector to partner with philanthropies, other nonprofits, and government.

*Philanthropy as Social Venture Capital* – As government devolves, as nonprofits adapt to more entrepreneurial models, and as business reinvigorates its role in social development, philanthropy is also incorporating new approaches for social
investment and the creation of social capital. Belief in the value of wealth creation in addressing social change along with the principles of venture capital investment is influencing the practice of emerging philanthropists among the new wealth creators as well as women’s, youth, and diverse ethnic groups’ new philanthropy ventures. The practices of these new philanthropists are challenging more experienced leaders in philanthropy to think about changing roles and relationships with grantee partners, using new tools and approaches that stretch philanthropy beyond traditional grantmaking and into more opportunistic and market-based models (p. 3).

Reis and Clohesy (1999) compiled definitions for key terms/phrases that helped translate their research. For the purpose of this study, three of those terms/phrases are cited below.

**Social Entrepreneur:** Plays the role of change agent in the social sector by:

- relentlessly pursuing opportunities to create and sustain social value,
- applying innovative approaches in their work and their funding,
- acting boldly without being constrained by the resources currently in hand, and
- exhibiting a heightened sense of accountability to the various constituencies they serve (communities and investors) for the outcomes they create.

**Venture Capital:** Builds an investment model for innovative ideas and capable organizations to get them to market.

**Venture Philanthropy:** Strong leaders with bold ideas plus a venture approach yield effective community organizations. The venture approach includes funding
social entrepreneurs in organizations with scale-up potential. Support is long-term and the funder makes substantial commitments to a few rather than smaller commitments to many. Support includes board participation, team building, and a resource network (p. 17).

It is important to recognize how significant the “new” language is to understanding the key concepts of venture philanthropy and its impact in practice.

“Language plays a crucial role not only in articulating, but in structuring our worlds—in a sense, as philosophers have told us, the world comes into being and is constantly being reshaped through language” (Sievers, 2001, p. 6). Certain words and phrases now being used in higher education have already taken hold in business; for instance, branding, return-on-investment, value proposition, long-term impact, niche-market, etc. Why is this important as it relates to venture philanthropy and higher education? When these words become integrated into the daily operations of the nonprofit landscape they begin to impact how the work is completed. “The model of investment, production, and consumption comes to characterize our activity, replacing the model of voluntary commitment, participation, and social vision conveyed by the language of civil society” (Sievers 2001, p. 6).

**SUMMARY**

Philanthropy has evolved to support all aspects of higher education. In fact, no single factor is more responsible for the growth of the modern day college and university than philanthropy. As colleges and universities become more market driven, fundraising will be instrumental to underwrite budget challenges and provide added value in a
competitive market. The emergence of venture philanthropy has been embraced by many colleges and universities, and it has the potential to significantly impact the financial vitality of higher education institutions that embrace its practice. However, venture philanthropy does pose significant questions to the academy and has created challenges for those institutions who have partnered with venture philanthropists.

The goal of the study is to investigate how venture philanthropy fits specifically within the collegial model of shared governance at liberal arts colleges. To best achieve this goal, literature and research will be presented to better understand the conceptual framework. Birnbaum’s model of the collegial institution provides a framework to better understand the unique climate of shared governance practices at liberal arts colleges. The study will be conducted employing a multi-case study research design using interviews as the primary instrumentation.

The dissertation proposal consists of two additional chapters. Chapter II is the literature review that details prior research and provides a platform for the study. The literature review focuses on Birnbaum’s organizational theory, specifically defining the characteristics of his collegial model of governance. The chapter further concentrates on the definition, history, popularization, challenges, and critiques of venture philanthropy. Chapter II also details the emergence of venture philanthropy into higher education and the challenges to the academy. Chapter III defines the research methods that will be used to conduct the study. The chapter includes the research purpose, a restatement of the research questions, research design, case study description, interview participants, the researcher’s role, instrumentation, and analysis procedures.
CHAPTER II: LITERATURE REVIEW

INTRODUCTION

Chapter I detailed the case for further understanding venture philanthropy and its impact on shared governance at liberal arts colleges. This literature review will further justify the research by focusing on Birnbaum’s model of collegial institutions, the changing climate of philanthropy in higher education, the emergence of venture philanthropy, concerns for the academy, and the need for further research in philanthropy, in particular venture philanthropy in higher education.

There is fairly limited scholarly literature on the topic of philanthropy in higher education. This is especially true when researching venture philanthropy and its relation to higher education. A significant amount has been written about venture philanthropy; however, it has been written in popular media and professional industry publications, rather than in peer reviewed journals or published research. The literature review will define venture philanthropy and review the historical evolution of the practice. It will also examine venture philanthropy and its impact on higher education. Several examples will be detailed and reviewed. The same can be said about research of shared governance at liberal arts colleges. With a significant amount of research focusing on public and research universities, shared governance at liberal arts colleges has often received little attention (Shinn, 2004).
Birnbaum’s (1988) organizational theory has evolved into the seminal work that guides how researchers define and compare colleges and universities. His work has become one of the most influential theoretical and applied analyses of both higher education organization and leadership. Birnbaum’s theory has helped higher education scholars develop a structured and integrated view of governance. His theoretical framework has allowed college and university administrators to think more critically and broadly about their leadership. Birnbaum’s (1988) work has helped colleges and university leaders understand their existence within the organization, the problems of governance, management, and leadership; the structure and dynamics of the academy; decision making and change; and the administrator’s role in the organization. As noted by Kezar (2001), Birnbaum’s work bridges both theory and application. Birnbaum (1988) identifies four key organizational models as they apply to colleges and universities: collegial, political, bureaucratic, and anarchy. Birnbaum (1988) discusses how each of these models can be integrated in the cybernetic institution whereas college and university governance is achieved through the direction of self-regulation and effective leadership. Birnbaum notes that organizational theory models are reflected uniquely by each institutional type.

Berquist (2008), Kezar (2001), and Bolman and Deal (2003) have all cited Birnbaum as having influenced their work in organizational management and change. In fact, much of Birnbaum’s theory of organizational management overlaps with developed models by both Bolman and Deal (2003) and Berquist (2008). They both recognize
Birnbaum for allowing multiple models to be utilized to promote effective organizational governance and change.

   Governance in higher education has become more complex over the past several decades (Kezar & Eckel, 2004). Governance, as defined by Birnbaum (1988), is a guiding structure that allows colleges to effectively articulate shared values, promote dialogue, and demonstrate collegial relationships. Governance promotes “social capital” and consensus (Kezar, Hartley & Maxey, 2012). Birnbaum’s study on governance is the most extensive in the last 30 years (Kezar & Eckel, 2004). His work is highly recognized and respected amongst scholars within the field of higher education administration. As such, Birnbaum’s (1988) model of the collegial institution will be used, as it is the best classification of liberal arts college governance and decision making structures (Berquist, 2008).

   Defining shared governance. In 1966, a joint statement was issued by the American Association of University Professors, the American Council on Education, and the Association of Governing Boards of Universities and Colleges to define shared governance (American Association of University Professors, 2012). The statement was not intended to be a mandate for shared governance at colleges and universities. It was created with the intention that it be a template for colleges and universities to establish sound governing practices through critical thinking and action. However, absent from the statement is guidance and suggestions of shared governance in the context of external relationships such as fundraising. Birnbaum (2003) noted that the statement confirmed the faculty’s responsibility as being primarily educational matters. However, he also noted that the statement articulated an importance of faculty participation in policy,
setting institutional priorities, budgeting, planning, and the selection of campus leadership (Birnbaum, 2003).

**Defining the collegial institution.** Collegiality has numerous definitions. Wikipedia (2012) defines collegiality as associated with a unified team that works toward a common purpose while demonstrating respect for each member’s work. Colleagues are those explicitly united in a common purpose and respecting each other’s abilities to work toward that purpose. Collegiality (Bowen & Schuster, 1986) encompasses three key components as it relates to higher education: the right for faculty to participate in college issues and affairs; participation of a faculty body where friendship, conversation, and mutual support are paramount; and equality of study within the academy, whereas no academic field is given priority in worth or preferential treatment (Birnbaum, 1988). Another definition of collegiality in higher education is given by Cornell and Savage (2001). They note that collegiality embodies cooperation, collaboration, and compromise (Hatfield, 2006). A strong collegial relationship amongst the faculty is supported by collaboration, dialoging, and listening (Bok, 2003; Bowen & Schuster, 1986; Cornell & Savage, 2001).

Since the creation of higher education models within the United States, colleges and universities have valued collegiality (Bergquist & Pawlak, 2008). Collegial institutions are defined as colleges that value consensus, shared governance and decision making, common goals, and shared vision (Birnbaum, 1988; Bush, 2003). Leadership is driven by an emphasis on shared power and collective responsibility (Birnbaum, 1988).

Collegial models assume that organizations determine policy and make decisions through a process of discussion leading to consensus. Power is shared among
some or all members of the organization who are thought to have a shared understanding about the aims of the institution. (Bush, 2003, p. 64)

According to Birnbaum (1988), status is devalued and community interaction is promoted. Hierarchy is often obsolete and collegial institutions often overlook boards of directors, trustees, advisory boards, and administrators as solely responsible for making decisions (Birnbaum, 1988; Bush, 2003).

**Characteristics of the collegial institution.** Thoroughness and discussion are important and often result in consensus being reached before decisions are made. Consensus does not mean unanimous support in the decision making process (Birnbaum, 1988). Collegial institutions can find unanimity without consensus being achieved (Bush, 2003). For example, a college president can easily put forward a proposal for discussion where a decision is already made and it can reach unanimity when consensus was not even taken into consideration (Birnbaum, 1988). Recognizing that consensus is an important aspect to governance, lack of collegiality in governance can, and will often, result in high conflict and high stress (Hatfield, 2006).

Interactions among the entire community are extensive and informal, and decisions are usually reached by consensus after thorough and lengthy deliberation. The function of the administration is to fulfill the will of the collegium. Institutional culture is cohesive. (Edelstein, 1997, p. 64)

Baldridge, Curtis, Ecker, & Riley (1978) note that achieving the collegial model may be becoming more difficult, and theoretically unachievable.

Collegial institutions are in most cases both egalitarian and democratic. Members of the administration and faculty view each other as equals (Birnbaum, 1988; Edelstein,
And because equality is valued, they often take into consideration the views of the staff and students. However, the participation of staff and students in decision making is often limited and “token in nature” (Birnbaum, 1988).

Many institutions of higher education champion hierarchy and administrative procedures; however, these are far less prevalent in collegial institutions (Birnbaum, 1988). Open discussion and deliberation is important to allow for reservations, opinions, and support to be stated openly and debated.

Most shared governance systems at liberal arts colleges have three underlying—and often unstated—assumptions. First, it is assumed that all important institutional policies will be formulated through the shared governance process. Second, it is usually held that all college faculty are eligible to participate in campus governance, and faculty meets as a whole to make important curricular and policy decisions. Third, it is assured there is a strong tendency to structure most important governance committees to include a balanced representation of basic campus constituency groupings (for example, by race, gender, or academic division). (Shinn, 2004, p. 22)

Faculty need to feel heard, understood, and have their viewpoints validated, even if there is disagreement. “If they do not have this opportunity, frustrated critics may later withdraw their support at crucial times or engage in other disruptive activities” (Birnbaum, 1988, p. 89).

Administrators are charged to represent the college’s values and views to its various constituencies (Birnbaum, 1988; Bush 2003). However, according to the model of a collegial institution, the administration is to carry out the shared interest of the
collegium. It is important to recognize that the faculty at collegial institutions views the president as being elected (Birnbaum, 1988). In most cases the faculty will unanimously recommend the hiring of the president to the board of trustees. Even though the faculty recognizes the president to have the authority to make independent decisions about ongoing problems and issues facing the college, they do see the president as a proxy of the collegium rather than an independent manager in making decisions (Birnbaum, 1988). Members of the faculty do understand that the president has powers that are not availed to the members of the collegium. They recognize the importance of this difference. However, it is very important to recognize that presidents are not seen as bosses at colleges that model the collegial institution. They are rather seen as “primus inter pares, or first among equals” (Birnbaum, 1988, p. 89). The president needs to work with the faculty to make decisions and recognize the balance between their own leadership and the collegium (Townsley, 2009).

The framework of the collegial model promotes shared thoughts and values related to the purpose or mission of the college (Birnbaum, 1988). A collective understanding and loyalty to the mission of the college is reflected by all its members. And, when this is absent, the potential for a shared governance model to fail has been documented (Sturgeon, 1994).

The relationship between the faculty, administrators, and trustees is very important within this model. “Dualism of control” is the existence of two distinct structures in colleges. The first structure is the conventional administrative hierarchy. The second structure is the structure through which faculty make decisions for the institution over which they have authority (Birnbaum, 1988). Dualism of control is often
absent and differences in values between the faculty, administrators, and trustees are relatively absent at collegial model institutions (Birnbaum, 1988). Board members within this framework tend to be alumni, and administrators often have been faculty. And most importantly, there is an understanding of the relationships of these two groups to one another (Birnbaum, 1988). However, the collegial model does not always completely describe colleges that characterize this model.

The model ignores the fact that there are differences in legal authority between various participants that are spelled out in the college’s charter and in civil law; it overlooks the importance of some standard procedures that have been codified and no longer appear under the control of any individual or group; and it assumes general agreement on values when in fact many matters are subject to great contention. (Birnbaum, 1988, p. 92)

Shinn (2004), notes that liberal arts colleges can address governance issues by recognizing differences of governance cultures and governance structures. He argues that most issues of governance focus on the mechanics rather than the varying differences of assumptions and values of the different constituencies involved.

**Presidential leadership within the collegial institution.** Presidents, within the collegial model, need to lead without coercion. They are expected to direct and display control without alienating others. Birnbaum (1988) and Eckel (2005) point out that leaders must be responsive to the needs of the academic community which supports the implementation and maintenance of the leader’s position. “When enrolling others, you support them in supporting you, your intent and your objectives based on their reasons, not yours. You discover their reasons for supporting you and help them recognize the
benefits for them” (Buchholz & Roth, 1987, p. 100). An important component of effective leadership must be a demonstration of benefits to the collegium in exchange for some degree of yielded autonomy (Birnbaum, 1988; Bolman & Deal, 2003; Bush, 2003). Their selection as leaders provides them significant leverage to influence their communities, their new status has been legitimated by the participation of their constituencies, and these constituents have certified, at least initially, both their competence and their commitment to group values. (Birnbaum, 1988, p. 102)

Effective leaders of the collegium must follow certain rules. Birnbaum (1988) defines seven key guidelines for leadership effectiveness within the collegial model. They are (1) exemplifying the values of the group, (2) conforming to group expectations of being aggressive and decisive within the norms and traditions, (3) consistently engaging in both formal and informal communication, (4) giving directives that are both fair and appropriate, (5) listening and acknowledging values and norms, (6) reducing status differences as they arise, and (7) creating a climate of self-control where the collegium will correct itself. Successful presidents recognize the importance of these rules and consistently champion them. “Any organization which depends on high-level professional skills operates most efficiently if there is a substantial measure of collegiality in its management procedures” (Williams & Blackstone, 1983, p. 94). Members of the collegium are very willing to give up some autonomy to the president in exchange for increased prestige and resources (Birnbaum, 1988). In the end, being successful is the ultimate goal. Success breeds success and the strongest colleges promote that (Bok, 2003).
**External influence and the collegial institution.** Birnbaum (1988) notes that as colleges seek to increase external partnerships, they become inevitably more diverse and specialized; and institutional mission becomes less clear. External relationships can create large amounts of stress and conflict.

Like all colleges and universities, liberal arts colleges in recent decades have also been obliged to cope with burgeoning external forces – new and challenging frontiers of knowledge and communications, dramatic new learning tools, maintenance and obsolescence, global considerations, increasingly diverse constituencies and their global demands. (Lang, 1999, pp.138-139)

These challenges are not responded to easily and are often laden with unrest within the academy.

Responses are tempered by the need to surmount barriers of academic process and prerogative, sensitivity to relationships with peer colleges, costs and financing, internal conflicts over the allocation of resources, strong individual biases, and the viscosities of tradition. (Lang, 1999, p. 139)

Critics of shared governance have noted that current practices hinder decision making related to new opportunities for colleges (Birnbaum, 2003; Bok, 2003). “Shared governance and faculty participation, it is said, are expensive luxuries that enterprising universities can no longer afford if they wish to keep up with the competition” (Bok, 2003, p. 192). In the current environment it is not uncommon for faculty to have no more than a perfunctory role in major decisions within the academy (Kezar, Hartley & Maxey, 2012).
Outside influence has a significant impact on academic freedom and autonomy at collegial institutions. Much can be positive, however as funds tighten, many external dollars will be accepted to determine academic programs and research efforts (Harcleroad & Eaton, 2005). At first glance it may appear that autonomy and accountability are incompatible, but with cooperation, coordination, and consolidation external partnerships can be very effective (Harcleroad & Eaton, 2005). However, decisions made with profit generation as the priority have been historically misguided when faculty dialogue has been absent (Birnbaum, 2003; Bok, 2003). These types of decisions can be a threat to core values (Birnbaum, 2003).

**Liberal arts colleges as collegial institutions.** Small liberal arts colleges are the types of institutions that successfully depict the model of collegial institutions (Kezar & Eckel, 2004). “An important condition for the maintenance of a true collegial form is that it be comparatively small” (Birnbaum, 1988, p. 91). Liberal arts colleges, with small numbers of faculty and only a few administrators, embody the collegial model. Birnbaum (1988) notes that as colleges grow, the maintenance of a collegial model would be difficult. Birnbaum (1988) does recognize that not all small liberal arts colleges can be characterized as collegiums.

Collegiality, seen as a community of individuals with shared interests, can probably be maintained only where regular face to face contact provides the necessary coordinating mechanisms and where programs and traditions are integrated enough to permit the development of a coherent culture. (Birnbaum, 1988, p. 93)
It is important to note that Birnbaum’s model of the collegial institution, as with other operational theories, recognizes that its characteristics are not innately effective or ineffective in the collegium. Each liberal arts college will have its own strengths and weaknesses.

**CHANGING CLIMATE FOR GOVERNANCE IN HIGHER EDUCATION**

As noted by Kezar and Eckel (2004) there has been a significant changing climate in governance within higher education over the past several decades. The need to be more responsive to a diversity of environmental factors, the changing faculty, and the necessity to make decisions more quickly are influencing how shared governance in higher education continues to evolve. As a result, shared governance is becoming less participatory (Kezar & Eckel, 2004; Shinn, 2004). At a time when governance is most needed within the academy, participation in decision making has decreased causing concern for both the faculty and institutional leadership (Kezar & Eckel, 2004; Townsley, 2009). Shared governance, as it currently operates, is both ineffective and inefficient. The Association for Governing Boards also supports a tempering of the philosophy of shared governance to allow for more attention to external influences (Kezar & Eckel, 2004).

Privatization, commercialization, and competition are also altering the way colleges and universities operate. The pressures and demands for academia to engage with the corporate sector are getting stronger (Bornstein, 2001; Skloot, 2000). Duderstadt (2003) cited the fiscal crisis and deep cuts to public colleges and universities across the United States. Even the private colleges and universities were facing troubled
times. For example, Stanford University decided to forego a strategic salary initiative because of a significant drop in endowment value. Colleges and universities heavily dependent on external support will see certain fundamental forces impacting the higher education sector. They are (1) Darwinian competition, (2) commercialization of the academy, (3) from public good to private benefit, and (4) the loss of public purpose (Duderstadt, 2003). These forces impacting higher education are highly concerning for colleges operating within a collegial model. Institutional mission will become less clear and stress will most certainly ensue (Birnbaum, 1988). There is a significant risk to the collegial model if privatization and commercialization increase within the academy. If colleges and universities want to compete, they will have to be willing to potentially compromise shared governance and faculty participation in decision making (Bok, 2003).

Colleges and universities recognize the importance of fundraising to support a myriad of projects, programs, and funds (Drezner, 2011). The most savvy colleges and universities have developed fundraising programs that are supported by a culture, both internally and externally, to embrace philanthropy as a resource to support both academic mission and shared vision of the institutions (Elliott, 2006).

**FUNDRAISING AND ITS ECONOMIC IMPACT ON HIGHER EDUCATION**

Fundraising has a direct impact on higher education through supporting scholarships, research, capital ventures, programs, faculty, and students. But it is not the major source of funding for day-to-day operations, even in well-endowed private colleges. Fundraising only accounts for roughly eight to nine percent of spending in higher education budgets (Blumenstyk, 2003).
Fundraising advocates believe the economic impact of fundraising on higher education will continue to grow. Major changes in funding, particularly in state and federal funding, have forced colleges and universities to think in terms of privatization, commercialization and competition (Duderstadt, 2003; Skloot, 2000; Strout, 2005).

To best understand the economic impact of fundraising on higher education, it is important to understand how higher education giving has fluctuated over the past decade. Gifts and donations to higher education began to decline after the 2001 calendar year (Blumenstyk, 2003). By the end of 2002 giving saw a dramatic decrease. According to the Council for Aid to Education (CAE) annual Voluntary Support of Education (VSE) survey, alumni giving was down by 14 percent; equating to roughly $1 billion (Blumenstyk, 2003).

Beginning in 2003, fundraising in higher education began to see a steady increase. In 2004, The Center on Philanthropy at Indiana University reported 351 gifts of $1 million or more to nonprofit organizations in the second quarter of that year. Compared to the second quarter in 2003, this was a 33 percent increase and more than half of those gifts went to colleges and universities (Strout, 2004). Colleges and universities reported a total of $24.4 billion dollars raised in 2004 according the CAE’s annual report (Strout, 2005).

By fiscal year 2008, colleges and universities were recording an all-time high in giving. The 2007-2008 CAE’s VSE survey reported an increase in contributions by 6.2 percent from the previous year. A record $31.6 billion in support was recorded from all sources of giving (Lippincott, 2009). However, the following year would bring a
dramatic halt to increased giving. Donations in fiscal year 2009 decreased by $3.75 billion from fiscal year 2008, according to the CAE’s VSE survey, recording $27.85 billion. The decline, the sharpest decrease in the 50 year history of the survey, totaled 11.9 percent (Masterson, 2010). Fiscal year 2010 saw minimal recovery, but after two tough years in fundraising, fiscal year 2011 finally saw a healthy increase in giving, recording an 8.2 percent increase from the previous year according to the CAE’s VSE survey. A total of $30.3 billion was recorded (Biemiller, 2012).

But the bad news—at least for most of higher education—is that 86 percent of the money went to just 25 percent of the institutions. And while those saw donations soar by 11.3 percent, the other three-quarters of institutions attracted 9.6 percent less money over all in 2011 than they had in 2010. (Biemiller, 2012, para. 3)

Giving to colleges and universities traditionally parallels economic activity (Strout, 2004). When the economy is bad, giving declines. Authorities on giving trends continue to credit a weak economy for the decline in giving to education. Giving will grow as the economy rebounds (Strout, 2004).

WHAT IS VENTURE PHILANTHROPY?

Many would say that modern-day venture philanthropy was mainstreamed following a 1997 Harvard Business Review article, “Virtuous Capital: What Foundations Can Learn from Venture Capital”. The article contended that too many grant-making foundations gave minimal consideration to assisting grantees with strengthening the organization (Venture Philanthropy, 2003). However, the methodology was modernized,
in both practice and motivation, in 1984 by the Peninsula Community Foundation of San Mateo, California. It was Letts, Ryan, and Grossman that merely popularized the term (Bernholz, 2000; Katz, 2005; Many, 2009; Moody, 2008; Romirowsky, 2007; Wolfe, 2002). The Harvard Business Review article advocated that donors adapt various principles that successful venture capitalists had employed for years (Letts, Ryan, & Grossman, 1997; Scott, 2002; Wolfe, 2002).

Those principles are:

1. A “high engagement” long term relationship between the venture philanthropist and the recipient organization, which might include the donor taking a seat on the board of the charity.

2. A commitment to strengthen the organizational capacity of voluntary sector organizations with money and management expertise to enhance their capacity to help greater numbers of people with greater effectiveness.

3. The use of performance standards developed by both parties, with future support contingent on the realization of mutually determined goals. “Virtuous Capital” had succeeded in stimulating discussion about the efficacy of traditional philanthropy but it “left it up to the practitioners to implement solutions” (Wolfe, 2002, p. 18).

Letts, Ryan, and Grossman’s (1997) call resonated with the wealthy, particularly those who garnered success in the dot.com and high-tech revolution. “As the United States neared the end of the twentieth century, the globalizing economy provided fertile ground for an unprecedented accumulation of wealth by the corporate elite” (Kumashiro, 2012, p. 15). The newly rich were looking for ways to dispose of their wealth and the
nonprofit world fit the mold (Bernholz, 2000; Pulley, 2007). A network of venture philanthropy groups began to form across the country and entrepreneurs began to convert their fortunes into philanthropic capital (Cobb, 2002; Wolfe, 2002).

A historical perspective. The practice of venture philanthropy is not really all that new (Venture Philanthropy, 2003). However, the motivations driving what we know as modern-day venture philanthropy are very different. Philanthropic pioneers, such as Danforth, Carnegie, and Rockefeller, tried to raise the visibility of educational inequities in the United States. Like modern day venture philanthropists, they were concerned with strategy, results, and accountability (Berresford, 2001).

The main characteristics of venture philanthropy have been long time characteristics of effective philanthropy for decades. “What seems so new about venture philanthropy may have been the sizzle, not the content” (Venture Philanthropy, 2003, para. 28). Venture philanthropy, as a concept, has been utilized for many years by both foundations and individual donors to promote sustainability and economies of scale (Reis & Clohesy, 1999).

The theory and practice of venture philanthropy dates back for more than 100 years (Allen, 2002; Goldin, 1998; Wolfe, 2002). Early philanthropists were engaged heavily in the decisions made in governing colleges and universities. Andrew Carnegie, John D. Rockefeller Sr., and Leland Stanford were some of the most influential philanthropists of all time.

Carnegie, Rockefeller, and Stanford could all be coined as venture philanthropists according to recent terminology (Allen, 2002; Bernholz, 2000). In fact, Rockefeller used the term while testifying in 1969 before the Committee on Ways and Means about tax
ref (Hall, 1992). Rockefeller stated, “Private foundations often are established to engage in what has been described as ‘venture philanthropy,’ or the imaginative pursuit of less conventional charitable purposes than those normally undertaken by established public charitable organization” (as cited in Council on Foundations Board Briefing, 2001, p. 2).

Carnegie advocated that the most wealthy and prosperous individuals had a moral obligation to support areas of need with their financial capabilities (Byrne, 2002; Saltman, 2010). Not only did he believe that the rich should be philanthropic, Carnegie touted the belief that gifts should be made during the donors’ lifetimes to ensure the accomplishments of their gifts (Byrne, 2002). Like Carnegie, John D. Rockefeller Sr. also supported high-impact giving through his gifts to higher education. It was not uncommon for Rockefeller to engage with colleges that he supported. He was actively involved in many aspects of both Spellman College and Yale University (Allen, 2002; Hall, 1992). Leland Stanford, too, had an interest in high impact philanthropy and higher education. Stanford desired to memorialize a son that passed away by establishing an Ivy League quality education on the West Coast. Along with his wife, he established Stanford University and was intimately involved in the details from designing and constructing the campus to selecting and hiring the faculty (Allen, 2002).

The actions of Carnegie, Rockefeller, and Stanford mimicked modern day venture philanthropy practices in many ways. However, their motivations mimicked traditional philanthropy. They “looked to establish a legacy that would outlive them” (Marcy, 2001, para. 9). Much of their early philanthropy had varied goals, but their work was commonly perceived as being liberal and altruistic (Kumashiro, 2012; Saltman, 2010).
The basic tenants of performance and measureable results in modern day venture philanthropy are not all that new (Berresford, 2001; Reis & Clohesy, 1999; Venture Philanthropy, 2003). However, it is the evolution of the motivation that has driven the recent fascination with the concept, and brought significant attention to the practice in both the eyes of the public and interested philanthropists (Bernholz, 2000; Many, 2009; Pulley, 2007; Venture Philanthropy, 2003; Wolfe, 2002).

A comparison of traditional and venture philanthropy. Venture philanthropy has quickly differentiated itself from traditional philanthropy. Venture philanthropy influences not only how projects are selected and funded, but also influences how they are managed by the selected organization (Venture Philanthropy, 2003). This is the most controversial aspect of venture philanthropy.

Venture philanthropy donors to higher education have a different philosophy than that of traditional donors. “Unlike traditional philanthropy, which sought, at least in principle, to ‘give back’ to society, venture philanthropy parallels venture capitalism in its goal of investing capital in ways that earn more” (Kumashiro, 2012, p. 15). They are interested in seeing results, and seeing them immediately. They bring a level of engagement that is more intense (Marcy, 2001). For example, the Gates Foundation exhibits this practice in its health initiative programming and funding (Marcy, 2001). The same goes for the Barksdales, who made a $100 million gift to improve literacy in Mississippi (Marcy, 2001). Both of these donors expect results in a very short period of time, as well as long term outcomes (Marcy, 2001). “Champions of venture philanthropy chide ‘traditional philanthropy’ (by which is meant everything that is not venture philanthropy) for failing to apply rigorous measures of performance to their work, both
their own and of that their grantees” (Sievers, 2001, p. 3). Traditional donors trend toward supporting established institutions, while venture philanthropists have more skepticism.

**The rise of performance driven philanthropy.** Many advocates believe the boom of the dot.com sector and the growth of Silicon Valley gave birth to the concept of venture philanthropy (Romirowsky, 2007). However it was that growth, combined with the election of 1992 where the Democratic Party challenged American citizens to make a “contribution” and initiate “social change,” that truly created the movement (Frumkin, 2001). The “New Democrats” urged U.S. citizens to make significant investments that generated impactful social returns (Frumkin, 2001). The movements made their way into the nonprofit sector. Philanthropy was not only used as a vehicle for social change, but was driven by performance measures of accountability, outcomes, solutions, and impact.

A 2006 study conducted by the Bank of America and the Center on Philanthropy at Indiana University found that more than 58% of high net worth people would be significantly more charitable if they could direct the impact of their gift (Farrell, 2007). Dana Callejon, Chief Operating Officer for Globalgiving.org, noted that the biggest trend they are seeing from donors relates to the desire to know exactly where their contributions are going and how they are being spent (as cited in Farrell, 2007).

Social trends have influenced broad based philanthropy to mirror venture capital practices (Romirowsky, 2007). Performance-based philanthropy began to rise in popularity as public trust in long standing institutions such as the government, church, and education began to waver (Pulley, 2007).
The upshot is a population whose blind faith in institutions has withered as its self-reliance has bloomed. Easy access to information has raised expectations for transparency and encouraged routine vetting of the organizations with which we do business – from lawn services and car dealerships to charitable organizations and higher education institutions. (Pulley, 2007, p. 31)

As a result, Americans saw charitable spending as investing and began expecting a return on their investments (Pulley, 2007).

When colleges and universities receive a contribution, they typically follow certain protocols. Best practices are to thank the donor and send a tax receipt. If funds are restricted to a specific fund or project, the organization allocates the monies as directed, otherwise the contributions are unrestricted and the nonprofit spends the donation where it is needed most (Wolfe, 2002). But donors with high expectations of performance and results make contributions with very specific expectations. They expect to have an active and meaningful role within the organization. They want to be actively engaged and provide oversight of their gift’s uses (Wolfe, 2002). Organizations that will benefit from this type of philanthropy are those that are open to allowing donors who believe in performance driven philanthropy to participate in constructing and executing strategies that will grow the institution, move it forward, and create the largest broad based impact (Frumkin, 2001).

Performance driven philanthropy, more commonly known as venture philanthropy, has evolved out of successful business men and women securing their own financial future and now having an interest in changing the way philanthropy is practiced by applying the business models and decisions that made them successful (Kumashiro,
They want to have an impact that is both personal and financial. Donors who categorize themselves as venture philanthropists understand the dynamics of both venture and traditional philanthropic practices. In fact, they may be even driven by the same values and altruistic motives that traditional donors have championed for decades (Wolfe, 2002). But, venture philanthropists are also motivated by the perceived failings of traditional philanthropy (Elliott, 2006). They want more and are questioning the efficiency of the traditional philanthropy model (Wolfe, 2002).

**Defining venture philanthropy.** Venture philanthropy has numerous definitions. For example, venture philanthropy is “a charitable endeavor based on risk-taking, innovation and entrepreneurial spirit” (Capers & Gooneratne, 1998, p. 2). Venture philanthropists usually demonstrate the following characteristics: (a) close relationship between the organization and the donor, (b) a longer relationship, (c) a larger investment, (d) a donor management style that focuses on risk management and accountability, (e) performance measurement, and (f) a clearly defined exit strategy (Backer, Miller, & Bleeg, 2004; Capers & Gooneratne, 1998). In a 2001 briefing to the Council of Foundation Board Members, venture philanthropy was defined as follows:

Rather than an arms-length relationship between donor and recipient, venture philanthropy promotes a hands-on approach between donor and nonprofit partners. Instead of funding short-term projects, investors make long-term funding commitments—anywhere from three to six years. During this time, the investor offers not only money but also technical assistance, such as time, skills, technology or management advice. By offering money and assistance, the investor hopes to build the nonprofit’s financial independence and organizational capacity.
Instead of perpetuating a nonprofit that depends on charity year after year, the investor creates an exit strategy—a plan for making the group self-sustaining after a few years of support. With long-range funding and technical assistance, the investor hopes its nonprofit partner will no longer need outside funding to continue its work. The venture philanthropy model, like that of venture capitalism, also relies on the bottom line. Instead of referring to profitability, the bottom line here refers to finding outcome-based solutions to the underlying problem. Venture philanthropists concern themselves with accountability in seeking solutions, holding the nonprofit accountable through predefined measurement tools and performance objectives. With a focus on the bottom line and accountability, venture philanthropists hope to understand and solve the root of social problems. (Council on Foundations Board Briefing, 2001, p. 2)

Simplified, venture philanthropy concepts are nothing more than channeling philanthropic concepts through the principles and management techniques of venture capitalists to support charitable organizations (Scott, 2002). Venture philanthropy brings a different approach to charitable giving by franchising the venture capital model where the donor is the investor and the recipient is the investee (Frumkin, 2001).

**Venture philanthropy motivations.** In their report to the W.K. Kellogg Foundation, Reis and Clohesy (1999) noted that the popularity of venture philanthropy was motivated by the outcomes, impacts, and sustainability. The emergence of venture philanthropy as a practice should not be surprising not only in concept, but also in practice. Eric Thurman, a former CEO of Geneva Global, a philanthropic advisory firm, supports the popularity of helping clients think about their philanthropic giving just as
they would think about investing in stock or other capital markets. He states that his clients are motivated by the results of their giving, just as they would with other investments (McGee, 2006).

Boverini (2005) identified that venture philanthropy donors not only have ideas, but also champion their expertise and profit making attitude to maximize results of their gifts. They are focused on using market based practices, in particular their own successes, to shape their philanthropy (Kumashiro, 2012; Reis & Clohesy, 1999). They are motivated beyond just an organization’s reputation. They are inspired by the quality of an organization and the organization’s ability to achieve success (Marcy, 2001; Boverini, 2005).

**Outcomes.** Venture philanthropists believe in the use of market concepts and investment model strategies to generate a greater return on their investments of charitable dollars (Reis & Clohesy, 1999). They want to make a significant difference and they want assurance that their dollars are creating impact through demonstrated action (McGee, 2006). Peter Karoff, founder of Boston-based The Philanthropy Initiative, (as cited in McGee, 2006) states, “There is backlash against being ‘targeted’ as a potential major donor by traditional institutions; people now want to be proactive rather than reactive to donors” (p. 61). Karoff, a philanthropic advisor, notes that his clients are motivated to make a significant difference, not necessarily just getting their names on buildings (McGee, 2006).

Venture philanthropy donors are devoting not only their money, but their time and energy to solving problems. For example, the Bill and Melinda Gates Foundation seeks to solve problems, not just address the symptoms (McGee, 2006). The foundation is
investing significantly in eradicating AIDS and other diseases in Africa, rather than just treating those who are affected by the diseases (McGee, 2006). This belief is built also on a foundation of utilizing “the principles of venture capital investment” (Reis & Clohesy, 1999, p. 3) to influence and promote change, and charities are forced to engage donors and achieve measurable results (Byrne, 2002; Reis & Clohesy, 1999).

With capitalism ascendant at home and abroad and the entry of a new entrepreneurial class into philanthropy, it should not be surprising to find a reform movement within philanthropy that views venture capitalism as an appropriate model for charitable giving and uses its terminology. (Cobb, 2002, p. 129) Gifts are called investments and donors are called investors.

**Impact.** Venture philanthropists see two distinct benefits to their giving. One, the nonprofit organization will get knowledge from the donor that would not have otherwise existed. Donors/investors believe that their involvement, regardless of their money, is equally if not more important to the success of the organization. And two, while not necessarily an impact on the charity, donors are extremely satisfied by applying their knowledge of successful business practices to a worthy cause (Frumkin, 2001).

**Sustainability.** There is a strong belief amongst venture philanthropists in leaving the charity better off than you found it (Reis & Clohesy, 1999). Sustainability is a key facet for venture philanthropy to work. Venture philanthropists believe that they can not only equip organizations, but those they impact, with the tools necessary to create change and long-term growth. They have exit strategies, and are strongly inclined to implement them (Wolfe, 2002). “While this may smack of naïve optimism based on their own success, these wealth creators want their philanthropy to come out of the paradigm of a
hand up, not a hand out” (Reis & Clohesy, 1999, p. 8). Whether it is right or wrong, venture philanthropists want to create a sense of sustainability in organizations that is absent of negativity and dependency.

THE POPULARIZATION OF VENTURE PHILANTHROPY

Over the past decade, media has popularized the concept of venture philanthropy (Cobb, 2002). News media showered the concept and those who dabbled in it with attention (Pulley, 2007). The years of greatest growth was from 1997 to 2000 (Cobb, 2002). By 2002, there were forty-two self-identified venture philanthropy donors, or donor groups, that were capitalized at $400 million and had provided $50 million in donations (Cobb, 2002).

Donors like Steve Hirsh, former Wall Street executive at Bear Stearns & Co., have long supported charities because of a feeling of obligation and a sense of loyalty to community and social issues. His giving was ritualistic, not necessarily a commitment (McGee, 2006). But, in recent years his involvement with his new charities and a thoughtful approach to his giving changed his philosophy. He liked knowing where each dollar of his gifts was going (McGee, 2006). Hirsh is like many wealthy donors changing the way they think about their philanthropy. “They are thinking about becoming more philanthropic, either because they now have meaningful amounts of free cash to give away or because they are seeking meaning in a pursuit outside of their careers” (McGee, 2006). Big donors, like Hirsh, are looking for giving methodology that is more direct and engaging. They are becoming more entrepreneurial in their approach to giving and are moving away from charitable support for programs as solutions, but to an investment
model of giving that promotes the exchange and implementation of ideas and innovation (Reis & Clohesy, 1999).

**A paradigm shift.** Venture philanthropy is more than just a new methodology of practicing charitable giving. It is about an evolution of donors engaging with charitable organizations beyond the act of just merely making contributions. It is about change. The paradigm shift that venture philanthropy introduces is a movement away from what is being delivered to how well an organization is being run. This will require a shift to becoming a more bottom-line oriented organization, with greater accountability being placed on nonprofit managers. Reis and Clohesy (1999) created a matrix, as shown in Table 3, to effectively demonstrate the influences that have garnered awareness and activated a convergence of thoughts and actions to create a paradigm shift in thinking about philanthropy.

The paradigm shift is directly linked to results and accountability. Inevitably this shift will compete with organizations’ missions (Romirowsky, 2007). This focus is very different between traditional philanthropists and venture philanthropists. Venture philanthropists are much more focused on stretching an organization’s capacity to expand mission; whereas traditional donors work within the set framework of the mission (Pulley, 2007). This is an ethical issue that must be decided by the organization receiving the gift. “Ethically speaking, the strings that accompany a gift should be accepted or declined based on how well those expectations fit with the mission of the individual school or higher education as a social institution” (Elliott 2006, p. 4).

**A focus on accountability.** Traditional philanthropists tend to trust the colleges and universities they support. Their trust is explicit and altruistic. They believe in the
### Table 3

**Philanthropic Paradigm Shift**

<table>
<thead>
<tr>
<th>Social Entrepreneurs and Social Innovators</th>
<th>People, Leaders: Examples of Change</th>
<th>Institutions</th>
<th>Commonly-Held Values, Beliefs, Theories, &quot;Drivers&quot; of Change</th>
</tr>
</thead>
</table>
| Social Entrepreneurs and Social Innovators | Bill Strickland  
Bill Drayton  
Billy Shore  
Vanessa Kirsch  
Rick Little  
Raul Yzaguirre  
Rachel Bellow  
John May  
Connie Evans  
Gloria Guerrero | Danali/Manchester Craftsman Guild  
Ashoka  
Share Our Strength  
New Profit, Inc.  
International Youth Foundation  
La Raza  
Project 180  
New Vantage Partners  
Women's Self-Employment Program  
Rural Development and Finance Corporation | Wealth Creation is part of the solution of many social and economic problems  
Social entrepreneurs are innovators in creating and using financial, social, and spiritual capital and value  
Social entrepreneurs pursue a vision of economic and social empowerment through the creation of nonprofit enterprises to provide expanded opportunities for those on the margins of economic and social mainstream  
Social entrepreneurs use hybrids of profit/nonprofit ideas and structures to sustain their work/organization |
| Government | Harris Wofford  
Eli Segal | Corp. for National and Community Service  
Welfare to Work | Devolution of government to local control  
Partnering with other sectors to deliver services |
| Philanthropy | Peter Karoff  
Ted Turner  
Jim Pitofsky  
Ed Skloot  
Sterling Speirn  
Steve Roling  
G. Myers/  
P. Burness  
Helen Hunt  
John Abele  
Catherine Muther  
Marie Wilson  
Drummond Pike  
Mario Morino  
Jed Emerson  
Paul Brainerd/  
Paul Shoemaker  
M. Binswanger | The Philanthropic Initiative  
Turner Foundation  
echoing green  
Surdna  
Peninsula Comm. Fdn.  
Kauffman Foundation  
Entrepreneurs' Fdn.  
Sister Fund/El Suemo  
Boston Scientific  
Three Guineas Fdn.  
Ms. Foundation  
Tides/Thoreau Center  
Morino Institute  
Roberts Ent. Dev. Fund  
Social Venture Partners  
Creative Artists Agency Foundation | Investment if preferred over charity  
Philanthropy/giving back is something everyone can do – regardless of class and amount of wealth. We are a part of an interdependent society, not a one-directional flow of charity.  
Venture philanthropy is a charitable endeavor based on risk-taking, innovation, and entrepreneurial spirit.  
Venture philanthropy and social venture capital emphasize long relationships; operating and program investment; risk management and accountability of performance measures; exit strategies.  
Network grantees working in similar issue areas to share knowledge and practice. |
Table 3, Continued

<table>
<thead>
<tr>
<th>Social Entrepreneurs</th>
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<tbody>
<tr>
<td>Business and Business Networks</td>
<td>Bob Dunn</td>
<td>• Bus. For Soc. Respons.</td>
<td>• Knowledge is the driver of the new networked economy</td>
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<tr>
<td></td>
<td>Greg Steltenpohl</td>
<td>• Odwalla Juice</td>
<td>• Need civil society for vital customer/market base</td>
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<tr>
<td></td>
<td>Kim Cranston</td>
<td>• Soc. Venture Network</td>
<td>• Joint ventures</td>
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**Note:** A report to the W.K. Kellogg Foundation. Adapted from “Unleashing New Resources and Entrepreneurship for the Common Good, a Scan, Synthesis and Scenario for Action,” T. Reis & S. Clohesy, 1999, pp. 10-11.

mission, believe in the management, and unequivocally trust where, and how, their money is spent. However, venture philanthropists want more (Romirowsky, 2007;
Wolfe, 2002). They want to know how their money is being spent, where it is being spent, and specifically what the larger (measureable) impact is of their dollars invested.

As earlier noted, exit strategies are a venture philanthropist’s tool to ensure that dependency is eliminated and to promote sustainability. But their exit strategy is only implemented when their expectations, demands, and benchmarks are implemented. In order to effectively execute an appropriate and timely exit strategy, venture philanthropists need and demand accountability. Accountability is measured in various forms. It is often monitored by placing venture philanthropists on boards, committees, or other governing bodies. “Many venture philanthropists believe that the opportunity to offer their managerial and entrepreneurial expertise at the trustee level will result in greater organizational discipline and will help nonprofits to become stronger and more effective” (Wolfe, 2002, p. 31). Venture philanthropy champions engagement and dialogue at various levels of the organization, with an expectation for action, implementation, and accountability. For liberal arts colleges, this is fundamentally adverse to the academic and collegial model of shared governance.

The requirement of performance measures to enhance accountability presents significant challenges (Cobb, 2002). Venture philanthropists are frequently troubled by what they perceive to be a lack of investment in monitoring and measurement, as well as an inability to function at a fast pace to make decisions. The collegial model of shared governance believes in cooperation, collaboration, compromise, dialogue, and listening (Birnbaum, 1988; Bok, 2003; Bowen & Schuster, 1986; Cornell & Savage, 2001; Hatfield, 2006). However, venture philanthropists are driven by benchmarking, strategizing, and achieving quantifiable goals (Berresford, 2001; Frumkin, 2001). The
challenge to venture philanthropy goes beyond the problem of just applying assessment tools. As noted by Frumkin (2001), the biggest problem is the subjective and “questionable assumption built into the performance measurement component” that their gift will have a "social return on investment" (p. 8). The effort to subjectively monitor and measure social and categorical change that promotes a continued return on investment has been elementary in practice and implementation. Evidence of the measurement of a “social return on investment” is obscure amongst organizations that have partnered with venture philanthropists (Frumkin, 2001). What evidence does exist identifies a practice that emphasizes objectivity on "outcome measurements" to set clear expectations (Frumkin, 2001). Perhaps venture philanthropy should move away from “subjective” assessment and embrace “objective” assessment as the public perception of success does not accept the standards of meeting quantifiable goals as a methodology to demonstrate objectives being met.

**CHALLENGES AND CRITIQUES OF VENTURE PHILANTHROPY**

Just as critics of the health care industry have criticized insurance companies for managing services and profits, recent criticism has been directed to venture philanthropy donors that have targeted their ideas and influence, along with their financial contributions (Kumashiro, 2012). There are numerous challenges to both this concept and practice.

Many opponents of venture philanthropy have argued that it is nothing more than a fancy name. Mark Kramer, founder of the Center for Effective Philanthropy in Cambridge, Massachusetts, wrote in a May 2, 2002 issue of *The Chronicle of*
Philanthropy, about the fascination of venture philanthropy (Venture Philanthropy, 2003). He, like many other critics, illustrates venture philanthropy as a “fad” by venture capitalists that got rich fast and casually think they can transfer perceived skills into an arena in which they have no experience (Venture Philanthropy, 2003). Even though these young and successful entrepreneurs have been celebrated as the future of philanthropy, few of them have demonstrated the skills necessary to make a significant impact (Venture Philanthropy 2003).

In a 2001 speech at the Waldemar A. Nielsen Issues in Philanthropy Seminar Series at Georgetown University, Bruce Sievers, the Executive Director of the San Francisco-based Walter and Elise Haas Fund, questions the plausibility of the venture philanthropy model. He asked,

Are venture capital investors as unquestionably successful as they seem to be?

True, in the go-go years of the late nineties, it seemed that Venture Capital (VC) could do no wrong. In the dazzle of the dot-coms, VC seemed to have a special magic that fueled the economic fireworks. Who can argue with 50 or 100% annual returns? In the sobering days that have followed, however, the picture has changed dramatically. The VCs left standing operate in a much more conservative way, exercising great selectivity and placing stringent (sometimes onerous) conditions on their investees. (Sievers, 2001, p. 1)

Sievers (2001) questions whether it was their business savvy or simply being in the “right place, at the right time” that generated their fortunes.

Not only is the plausibility of venture philanthropy called into question, but also the performance of the model. Most venture capitalists would agree that many more
investments fail than succeed. Perhaps one, or maybe two, out of ten investments will be a hit (Sievers, 2001). “Of course, in the financial world, the big hits make up for the dogs by returning huge profits, but we must ask whether this success rate is what we wish to emulate” (Sievers, 2001, p. 2). The biggest question and concern seems to be in the “value” that is brought to the table by venture capitalists beyond their charitable donation. Sievers calls into question the plausibility of venture philanthropists skills, expertise, and decision making strategy that accompanies their philanthropy. He specifically points out that not one study documents quantitatively the added value, whereas the risks are very well known (Sievers, 2001). As liberal arts colleges continue to build upon their external efforts, the preservation of shared governance becomes very difficult (Bok, 2003). Collegial models of shared governance and institutional mission are at risk when colleges seek to become more external and profit driven (Birnbaum, 1988; Bok, 2003).

Sievers (2001) identified four problems with the practices of venture capitalism in philanthropy. Since Sievers applies his concerns for all nonprofit organizations, it can be assumed that these problems will also relate to institutions of higher education. The first problem is the “issue of the bottom line.” For venture capitalists, the goal is simple: it is about making money. However, for a myriad of nonprofit organizations, including “academic centers dedicated to the advancement of learning”, goals are vast. “Not only are the goals among these enterprises highly diverse and incommensurable, but their internal goals are frequently incommensurable as well” (Sievers, 2001, p. 2). The goals for liberal arts colleges are, too, vast. However, without question, they most value academic mission (Birnbaum, 1988; Bush, 2003).
The second challenge is the idea of “going to scale” (Sievers, 2001). While this is not a challenge for mega nonprofits such as Red Cross, Sierra Club, or other large-scale organizations, the vast majority of nonprofits are servicing the needs of very specific populations (Sievers, 2001). Additionally, Sievers (2001) argues that nonprofits typically do not seek to advance market share at the expense of other nonprofit institutions.

The third challenge is the issue of “control” (Sievers, 2001).

In a typical VC investment, the investor assumes an ownership role and thereby becomes actively engaged in the management of the enterprise, often taking a board seat, weighing in on hiring/firing decisions, using contacts to secure other investors, and steering company policy. (Sievers, 2001, p. 4)

This is a significant departure from traditional philanthropic practices, especially within the context of Birnbaum’s collegial model where dualism of control is often absent.

Sievers’ concerns for control are widespread.

Whereas traditional philanthropists view their giving as donations that support what others were doing, venture philanthropists view their giving as entryways into that work. That is, philanthropists themselves are now getting significantly involved in goal setting, decision making, and evaluating progress and outcomes to ensure that their priorities are met. This hands-on role allows venture capitalists to affect public policy more directly and substantially, particularly in a climate where their financial aid is so desperately needed. (Kumashiro, 2012, p. 15)
Venture philanthropists expect control and involvement to advance the work of the organizations they are supporting, which includes influence over mission and policies (Bornstein, 2001; Elliott, 2006; Wolfe, 2002).

There is a significant difference between an owner and a donor: the former has an obligation (and a legal right) to seek to pursue the common goal of all involved—maximizing return on investment. The latter enters into a much different relationship with the “investee” organization – he or she is typically one of many sources of support for an enterprise that has a pre-established mission (unless the donor created the organization) that is the product of the vision of a founder, board of trustees, and sometimes a group of members. (Sievers, 2001, p. 4)

Liberal arts colleges believe in shared governance where faculty, administrators, and trustees all shared in the common goal to advance the institution (Birnbaum, 1988).

In a 2001 board briefing, The Council of Foundations notes that too much engagement from donors is intrusive and can often adversely impact policy decisions. Venture philanthropy does pose a threat to organizational mission, policy, and procedures. These have been off limits to traditional donors. This is threatening to colleges and universities, and particularly to those colleges that embrace the framework of the collegial model that fosters shared thoughts and values of mission and purpose (Birnbaum, 1988). If the venture philanthropy initiatives fail, will the donors share in the responsibility and blame? That is the still an unanswered question (Council on Foundations Board Briefing, 2001).

The fourth, and final, problem identified by Sievers (2001) is the idea of an exit strategy. As venture capitalist donors end their relationships with nonprofit
organizations, the void of replacement funding provides new, and in some cases, more
difficult challenges to the organization to promote sustainability (Sievers 2001).

Opponents to venture philanthropy will argue that the focus on accountability and
outcomes is not applicable to non-profit institutions, and liberal arts colleges would agree
(Bornstein, 2001; Boverini, 2005; Elliott, 2006; Miller & Bellamy, 2012; Wolfe, 2002). Even though non-profits need to measure success and monitor outcomes, many leaders
will argue that venture philanthropists do not understand what organizations do and how they do it. Rather, they are taking their experiences and trying to impose them in a sector that is very different (Council on Foundations Board Briefing, 2001).

The mere construct of venture philanthropy is seen by critics as at odds with the values of a civil society. In reviewing the identified challenges, Sievers (2001) contends that venture philanthropy can potentially be more damaging than helpful. “By their nature, business and nonprofit endeavors have very different goals. The venture capital model calls for investing a lot of money up front, making big returns and then pulling out. Permanent social change, however does not happen fast” (Council on Foundations Board Briefing, 2001, p. 3-4). With all of the listed challenges and critiques, venture philanthropy does get some credit. It has brought attention to nonprofit organizations about the importance of promoting efficiency, strategy, and organizational strength by focusing on goals and evaluating results (Katz, 2005; Sievers, 2001; Venture Philanthropy, 2003).
VENTURE PHILANTHROPY AND HIGHER EDUCATION

Dr. Rita Bornstein (2001), President Emerita at Rollins College, identifies venture philanthropy as one of the newest business opportunities for higher education. College and university leaders are paying close attention to their development efforts in response to the tech bubble of the 90’s and the emergence of donors who are savvy (Marcy, 2001). Venture philanthropy donors are challenging the academy in ways that traditional philanthropy have not. “New approaches will become more important as institutions anticipate a growing reliance on private support in the face of increased competition for private funds and a continuing decline in public financing” (Marcy, 2001, para. 6).

The emergence of venture philanthropy in higher education. Higher education as a sector has been a long time recipient of donations (Marcy, 2001). Historically, colleges and universities have benefited from their high profile visibility, their mission, and the perception of high prestige based on their longevity of operation (Marcy, 2001). Traditional donors support both their almae matres and local colleges as a way to give back and support the greater community (Marcy, 2001). However, alumni who gravitate to venture philanthropy practices are not just motivated by altruism and an all-encompassing love for their alma mater.

“Fairly or not, the new donor may judge traditional institutions not by their accomplishments, but by the societal ills they have failed to cure” (Marcy, 2001, para. 14). Venture philanthropists typically do not want to support unrestricted or endowment funds, as that is seen as perpetuating the status quo (Marcy, 2001). College administrators have found that venture philanthropy donors do not invest in tradition, but rather in issues (Marcy, 2001). Long term relationships between the colleges and venture
philanthropy donors are hard to develop and sustain. Even structuring a gift can be a challenge. Venture philanthropists have been known to make a commitment, give an initial gift, and then not fulfill their commitment until the college has met specified benchmarks (Marcy, 2001). Venture philanthropists are not as likely to support gifts with outcomes that are predictable. Colleges and universities have long been supported by traditional donors who are apt to support endowed professorships, scholarships, and capital projects based on a proposal defining assumptions of impact (Marcy, 2001). However, it is more difficult to get venture philanthropists to support these types of opportunities. They see the approach and the projects as a dated model of philanthropy (Marcy, 2001).

“The differences between the traditional donor and the new philanthropist suggest that venture philanthropy presents both opportunities and challenges for higher education” (Marcy, 2001, para. 27). Assuming alumni will eventually become donors has become passé. Also outdated is the assumption that board and committee memberships are templates for engaging current and future donors (Gose, 2003; Marcy, 2001). Venture philanthropists do not respond to traditional roles and long-standing, proven strategies. “The baby-boom donor whose college experience might have included clashes with the administration, or the high-tech donor who sees ceremonial gatherings as outdated, may not be inclined to participate in typical campus events” (Marcy, 2001, para. 24). Venture philanthropists prefer to be actively involved and share their ideas for the future. They are not inclined to perpetuate the status quo and will test their college and university to see how well they respond to their thoughts and ideas, and then determine whether or not to move forward with developing a relationship (Marcy, 2001).
Luisa Boverini was one of the first scholars to explore the effects of venture philanthropy on higher education in her doctoral dissertation at the University of Pennsylvania. She notes that donors are not just the high-tech moguls who were early adopters of the model. They come in a variety of forms and are motivated differently (Boverini, 2005; Pulley, 2007). They are interested in openness, transparency, and flexibility. In particular, they are interested in the organization’s mission (Boverini, 2005; Pulley, 2007).

**Examples of modern-day venture philanthropy in higher education.** Modern-day venture philanthropists continue to emerge as active and engaged donors at colleges and universities across the United States. Bill Gates, Warren Buffett, Pierre Omidyar, and Paul Brainerd have embraced the philosophies of historical venture philanthropy moguls, like Carnegie, Rockefeller, and Stanford. The modern-day “business titans-turned-philanthropists,” like Gates and Buffett, are looking to change the world with their dollars (Weiss & Clark, 2006). Venture philanthropy has emerged in higher education in the past decade. With the popularity of venture philanthropy, several institutions have been examined and highlighted in the popular media.

**Tufts University.** Hardy (2000) writes about “radical philanthropy” and looks closely at Pierre Omidyar’s philanthropic approach. Pierre Omidyar, founder of eBay, made a $100 million dollar gift to Tufts University to support loans and finance entrepreneurs in India (Henry, 2001).

Like a venture-capital firm, they are seeding a number of small causes in a style that has come to be called venture philanthropy. The Omidyars will give more money to charities that follow solid business plans and meet the Omidyars'
benchmarks, such as creating earnings streams that sustain the nonprofit work. Then their Darwinian, unsentimental aim is to drop the flops and expand the successes, forming national organizations. (Hardy, 2000, para. 8)

Omidyar’s support to Tufts University did not come without strings. It came with definitive expectations (Hardy, 2000).

Tufts is Omidyar’s alma mater and he also served as a trustee. “With Tufts, Omidyar found a sympathetic ear in Lawrence Bacow, an economist who became the school’s president. Moreover, Tufts’ Fletcher School says it is the USA’s first graduate school for international relations, driving the school’s global ambitions” (Henry, 2005, para. 15). At the time, the president boasted the gift as the largest in the university’s history and quantified the impact of the donation by announcing the increase of the endowment by 11% (Henry, 2005). Interestingly, the president also pointed to the gift as being aligned with institutional mission (Henry, 2005). The expectations for Tufts came from tough negotiations and met the desires of Omidyar. This is not the last gift from Omidyar to Tufts. He will continue to support Tufts if his first gift meets expectations and predetermined benchmarks (Hardy, 2000).

**The University of Arkansas.** A transformational gift to the University of Arkansas is another example of the power of venture philanthropy, not only in the size of the gift but also in the motivations and expectations of the donor. In 2002, the Walton Family Charitable Support Foundation made a substantial gift to transform the university unlike any gift in its history (Strout, 2004). “It is the largest donation ever to the public, university, but don’t call it a gift. The Waltons – Sam’s wife and four children, each worth $20-billion – don’t give gifts” (Strout, 2004, para. 4). The Waltons do not make
charitable gifts. They make investments (Strout, 2004). These types of investments are based on their passions for people and places and are extensively vetted to mitigate risk and promote accountability. The gift was also properly negotiated over two years (Strout, 2004).

The result is an investment that administrators and the foundation believe will transform not only the university, but also the rest of the state. The gift is historic because of its size, and also because of the constant involvement of the donor before it was made and into the indefinite future. (Strout, 2004, para. 5)

The Walton family is a new breed of donors that want to be engaged in strategizing and monitoring their gift (Strout, 2004). Some believe there is nothing wrong with this practice, as long as the university was entering the relationship with a clear understanding of the expectations and what reporting is expected (Strout, 2004). According to the University of Arkansas, a secret committee spent two years negotiating the terms of the deal that included research, proposal writing, and ongoing discussions (Strout, 2004). “The Waltons are well known for their kind hearts, but they want to make sure that the money is going to have an impact that they are trying to make” (Strout, 2004, para. 11). The university had to be sharp and precise in how they were addressing questions. “The Waltons are demanding, in a kind way” (Strout, 2004, para. 11).

The university knew exactly what they were getting into when they began the conversations with the Walton family (Strout, 2004). In 1997, the first gift from the Waltons began building a relationship with Tom White, newly appointed chancellor. White began the relationship with the family by articulating his vision for the university and the necessity of external support to make that vision a reality. The university asked
for a $50 million gift (Strout, 2004). What was the Waltons’ response? “They don’t give money to universities. They make investments in people and support leadership” (Strout, 2004, para. 22). An expectation of the gift was that Chancellor White sign a letter committing to stay for at least five years. The gift was completed in 1998.

The University of Arkansas reported that it did not give up control of the governance structure embraced by the institution (Strout, 2004). The family does not usurp control and allows the administration to actively control faculty hiring and research as long as the university could demonstrate outcomes, which were required (Strout, 2004). However, the Walton family did seek another five year commitment from Chancellor White in 2002 (Strout, 2004). He formally accepted that request.

Ongoing progress reports are required highlighting the effects of their investment on the university and the economic impact to the state of Arkansas (Strout, 2004).

The report has little to do with the university’s standing in the world of academic research. It includes such information as the chairs and professorships that have been filled, average ACT scores of entering freshman, and student retention rates, per capita income, and percentages of the state population with various degrees. (Strout, 2004, para. 21)

The university will need to more than double its national merit scholars, more than double its total minority enrollment, significantly increase its total degrees awarded, double its research expenditure, and increase its endowment to $1 billion (Strout, 2004). The criteria are being used to measure performance and results are frequently reported to the Walton family.
Following the gift, the vice chancellor for university advancement at Arkansas recognized a paradigm shift with major benefactors to the university because of the Walton gift. Donors were more involved, wanted certainty that the purposes of their gifts were being honored, and that their philanthropy is achieving its intended goals (Strout, 2004).

_The University of Michigan._ In 2007, the University of Michigan announced a landmark gift of $50 million. While the size of the gift was noticeable, it was not necessarily unique. What was unique about it? The strings attached. The donor, who remained anonymous, began giving the university $25 million over 10 years beginning in 2007. The remaining $25 million was not to be received until the university met its goals that were agreed upon (Gavin 2007; Strout, 2007).

The institution and the donor have created benchmarks that will allow the benefactor to review the center’s performance before releasing the final $25 million. Some categories that will be measured for results include performance on clinical measures, to ensure that the university is providing effective care, and scores on patient-satisfaction surveys. (Strout, 2007, para. 3)

_Florida State University._ In 2007, Florida State University was approached by Charles G. Koch Charitable Foundation to create a partnership with a gift of $6.6 million to support programming in the economics department (Miller & Bellamy, 2012). T. K. Wetherell, Florida State University’s president at the time of the gift commented on the foundation’s gift (as cited in Miller & Bellamy, 2012). “In these difficult economic times, it is more important than ever that public universities find ways to partner with the private sector to develop the sorts of programs that our society will need in coming
decades” (Miller & Bellamy, 2012, p. 18). An agreement was reached and not much publicity was given. However, in 2011 rumbling began to surface about the outside influence on academic decisions (Miller & Bellamy, 2012).

The agreement between Florida State University and the Koch Foundation was of public record and eventually the details around the gift surfaced. The gift agreement called for the hiring of faculty and staff, the creation of a “Program for the Study of Political Economy and Free Enterprise and a Program for Excellence in Economic Education” as well as the creation of undergraduate programming (Miller & Bellamy, 2012).

The money had strings attached: the major one was the appointment of an advisory board chosen by the Koch Foundation. The board would determine which faculty candidates would qualify to receive funding, review all publicly provided material submitted by applicants for the professorship positions, and review the work of the professors to make sure it complied with the “objectives and purposes” of the foundation. Several clauses made clear that the Koch Foundation could pick up the marbles and go home if dissatisfied. (Miller & Bellamy, 2012, p. 18)

The university when confronted and questioned, supported the agreement, however both Kent Miller, Emeritus Professor of Psychology at Florida State University, and Ray Bellamy, Orthopedic Surgeon and Director for Surgery at the Tallahassee regional campus of the Florida State University College of Medicine, who both authored the article, believed the relationship had the potential to seriously damage both academic freedom and faculty governance (Miller & Bellamy, 2012).
After much media attention, the president of Florida State University appointed a committee to review the agreement, as well as make recommendations for moving forward (Miller & Bellamy, 2012). The committee found the following clauses that potentially lead to threatening academic freedom:

1. The agreement expressed an inappropriate interest in the selection of the department chair, withholding money unless the current chair was given a raise and continued to serve until the program was implemented.

2. The terms of the agreement raised concerns about a new undergraduate program, including the selection of a program director to supervise activities and the creation of a new course with prescribed content.

3. The teaching of large gateway courses that would reach an estimated seven thousand students a year in sections containing up to five hundred students was ceded to a subset of the department.

4. The implementation of the project was characterized by conflicts of interest and a lack of transparency (Miller & Bellamy, 2012, p. 19).

The committee report also recommended that certain practices end that allow donors to influence decisions of hiring, influencing programs, dictating curriculum, and ongoing donor evaluation (Miller & Bellamy, 2012).

**A push for more accountability in higher education.** Several philanthropists have launched nonprofit organizations to provide advice to donors on how to legally attach restrictions to their charitable gifts. “The new Indianapolis-based Center for Excellence in Higher Education aims to curb colleges' discretion in spending donors' contributions. The three foundations backing the center – those founded by Messrs.
Marcus and Templeton and the John William Pope Foundation – have about $1.25 billion in assets and have made $585 million in gifts over the past five years” (Hechinger, 2007, para. 3). What is the intent of the initiative? It was simple, to hold colleges and universities more accountable. “Mr. Templeton, known for philanthropy seeking to reconcile religion and science, has long been skeptical about giving to colleges. ‘Anybody who trusts a university on a handshake is a fool,’ says Charles Harper, the Templeton Foundation's senior vice president” (as cited in Hechinger, 2007, para. 9).

CONCERNS FOR THE ACADEMY

Venture philanthropy may be a significant challenge for higher education (Boverini, 2005). Venture philanthropy infuses an entrepreneurial spirit into charitable giving and those who practice it are attuned to being in control of both their business and philanthropic decisions. This type of giving may be at odds with Birnbaum’s collegial model of governance. Venture philanthropists expect a high level involvement in the charities and organizations they support (Bornstein, 2001). Higher education skeptics are fearful of too much control from outside of academe (Miller & Bellamy, 2012). “As institutions of higher education are increasingly dependent on external donors, those responsible for financial operations have become more willing to allow donors to assert more control” (Elliott, 2006, p. 47). Donors have every right to dialogue about their gift and even receive financial reports detailing expenditures, but according to Miller and Bellamy (2012), it should not go beyond that. Venture philanthropists’ heavy involvement may offend faculty and administration and, in extreme cases, high levels of involvement and influence could potentially violate tax code and make an intended gift
ineligible for tax benefits (Bornstein, 2001). In worse cases, it may violate the core foundation of the academy.

**Presidents are at a crossroads.**

On one hand, they are expected to be entrepreneurs, seeking the financial and scholarly resources into distinctive and effective programs of teachings and research. On the other hand, American academic leaders are expected to be protective of the institution and to buffer its values and academic assets against the damage that could be caused by an often indifferent, sometimes short-sighted, and occasionally hostile world. (Kramer, 1980, p. 10)

So it is easy to understand why they are at a crossroads. Presidential leadership within the collegial model must be responsive to the academic community (Birnbaum, 1988; Eckel, 2005). They must exemplify the values, expectations, and traditions of the academy. Collegiality is paramount (Birnbaum, 1988). But understanding the scarcity of resources, there is an expectation that successful leaders are supposed to raise significant resources. There is also an expectation they are supposed to protect and advance the foundations of the academy (Kramer, 1980; Payton, 2006). Administrators no longer look at donors as loyal alumni who give out of love for their institution. They are more willing to dialogue with donors about their intentions and interests (Elliott, 2006). This is concerning for many within the academy.

It is true that venture philanthropy has the potential to change the methodology of fundraising in higher education and yield unprecedented financial support to a challenged financial climate. Yes, the short term impact is more resources; however scholars are concerned about the longer term costs to this practice (Elliott 2006). The basic tenets of
venture philanthropy can be overwhelming. It is fairly normal for trustees, donors, and alumni to want to see reports; however venture philanthropists want to be involved at a deeper level as defined earlier in the literature review. Higher education administrators could have disregarded donor intentions in the past, but that is no longer the case (Elliott, 2006). They need demonstrated proof, demonstrated action, and demonstrated accountability. Venture philanthropists merely want to see their organizations run as effectively and as profitably as possible (Pulley, 2007). And by being involved and deeply engaged within colleges and universities, they can assure that this will happen.

Venture philanthropists continually challenge the status quo (Colvin, 2005). As earlier noted, they approach their giving just as they approach their investment portfolios. They expect accountability, opportunity to be involved in decision making, and opportunity to share their agenda. “Leaders of venture funds say their approach is unique because of certain principles – like helping to pay for a charity’s operating costs rather than programs, and rigorously assessing results – that they adhere to at all times” (Gose, 2003, para. 27). They do not support higher education with the intention of not being involved. Most institutions of higher education, however, are overwhelmed by the challenges related to venture philanthropy. As defined earlier in the literature, a few larger institutions such as the University of Michigan (Gavin, 2007; Strout, 2007), Florida State University (Miller & Bellamy, 2012), Tufts University (Hardy, 2000; Henry, 2005), and University of Arkansas (Strout, 2004) have all engaged in negotiating and accepting gifts with strings attached. Their successes and challenges will be the basis for other institutions to learn from and engage in venture philanthropy.
Venture philanthropy’s growth within the academy of higher education does not come without challenges. Gifts from venture philanthropists do have many benefits, especially during challenging economic times. However, venture philanthropy often lacks transparency and implications are not completely understood (Miller & Bellamy, 2012). The long-term impact to colleges and universities, particularly liberal arts colleges is still unknown. Venture philanthropy’s impact on governance and academic mission are unknown as scholarly research is absent in this area. However, large research universities do have anecdotal stories from which to pull. At the very least, these examples provide a basis for thinking and strategizing about the future of venture philanthropy at their institutions. However, liberal arts colleges have not had the same luxury of the popular media highlighting examples of venture philanthropy at institutions of their classification.

A disconnect between venture philanthropy and the academy is obvious. Colleges and universities are not yet able to fully understand how to deal with venture philanthropists, especially as it relates to a theory of governance that embraces collegiality among the academy. Not only are the mechanics challenging, but also creating parallel philosophies about managing the gift. Furthermore, core tenants of higher education’s foundation are being threatened. Shared governance, academic freedom, autonomy, and academic mission are all being jeopardized with venture philanthropy philosophies and practices (Wolfe, 2002).

**A disconnect between the donor and the academy.** Venture philanthropists can be very critical of how colleges and universities do business (Bornstein, 2001). Common dangers can include the incompatibility between institutional leaders, faculty, and venture
philanthropists in how each defines and understands the relationship. The balance of power and management are threatened (Wolfe, 2002).

There are two main issues creating the divide between venture philanthropists and the academy. First, colleges and universities are being challenged with a lack of attentiveness and understanding of the complexities, expectations, and challenges surrounding gifts with strings attached (Boverini, 2005; Miller & Bellamy, 2012). And second, development and advancement staff do not understand the language of venture philanthropy, nor grasp the concepts related to such giving (Allen, 2002; Moody, 2008). “It can be more difficult for institutional officers to balance the need to treat gift giving as a supererogatory act while not allowing the donor to interfere with practices that support an institution’s mission” (Elliott, 2006, p. 29). Development officers need to clearly communicate donors’ intentions with faculty and administrators and garner support (Boverini, 2005; Elliott, 2006). The need to raise monies at a significant rate, often mitigate open communication until after the gift is finalized. As a result, open communication, dialogue, and debate is eliminated and the collegial model of governance is undermined (Birnbaum, 1988).

*At lack of understanding venture philanthropy management.* Colleges and universities are not experienced enough with venture philanthropists to neither understand the management implications nor understand the needs and expectations of the venture philanthropy donors. Engagement of this magnitude requires an investment on the institution’s behalf to understand the motivations and expectations of venture philanthropy donors (Boverini, 2005). One simple disconnect is that many academic programs are unable to provide tangible results similar to the for-profit business world
(Bornstein, 2001). This is not to suggest that colleges and universities are less accountable, but rather that they do not adhere to business practices typified by the venture philanthropists in their for-profit capital ventures.

Colleges and universities face challenges when dealing with venture philanthropists, especially with their need to place demands on their gifts. Their critical approach to philanthropy can jeopardize traditionally embraced forms of higher education governance (Bornstein, 2001). Miller and Bellamy (2012) heard from numerous administrators that many gifts come with strings attached. “Aside from the question of whether the conditions should be there in the first place, the issue, of course, is how many strings there are and what kinds of stipulations they present” (Miller & Bellamy, 2012, p. 21). Boverini (2005) identified a lens for engagement wherein organization assumes the role of the client and the venture philanthropist becomes the consultant. She suggests that management becomes less transactional and much more transformational in their management of venture philanthropy gifts.

Untrained and inexperienced development staff. The intentions of venture philanthropists have not changed over the years. What is different is the evolution of a sophisticated philanthropic organizational structure that supports the cultivation, solicitation, and stewardship of gifts and donors (Allen, 2002).

Few development officers have the knowledge to set up programs that embrace venture philanthropy (Allen, 2002; Wolfe, 2002). The challenge is not only having development staff unaware of the needs and desires of venture philanthropists, but also having development officers unaware of how even to cultivate and solicit these high-impact prospects (Allen, 2002). Many development officers worry about the potential
divergence of attention from traditional fundraising programs to which many prospects have become accustomed. Even if the development officer, in conversation with the venture philanthropist, can foster a negotiation and agreement to the terms of a gift, bureaucracy and the current educational culture can still impede the gift (Allen, 2002). Administrators, staff, and faculty are often reluctant to change, even though they realize the potential for high growth (Allen, 2002).

Development and advancement teams would benefit from being educated about venture philanthropy. Paulette Maehara, President and Chief Executive Officer of the Association of Fundraising Professionals (AFP) advocates that fundraisers need to start rethinking their relationships with high net worth donors (Pulley, 2007). Development and advancement staff have traditionally operated on building long-term, and even personal, relationships with donors. Venture philanthropists merely see the fundraiser as a “conduit” to the college or university (Pulley, 2007). Venture philanthropists basically see fundraisers as nothing more than a business contact (Pulley 2007).

A challenge to college and university development efforts is the lack of resources to understand and build strategies to address the needs of the growing venture philanthropy initiatives. “Ideally, a nonprofit organization’s development department would be large enough to dedicate specialized teams to systematic pursuit, recruitment and stewardship of venture philanthropists” (Wolfe, 2002, pp. 33-34).

A disregard for shared governance? Colleges and universities have faced growing challenges to governance over the past several decades (Kezar & Eckel, 2004). Liberal arts colleges are typically defined as collegial institutions (Birnbaum, 1988; Kezar & Eckel, 2004). Collegial institutions do not function well when change is quick
and dialogue is absent. Shared governance is valued where the academy is united for a common purpose and value is placed on faculty, administrators, and trustees participating in colleges’ issues and affairs (Birnbaum, 1988; Bowen & Schuster, 1986; Hatfield, 2006; Cornell & Savage, 2001).

There is a common value for collegial institutions that honor shared governance. All interested parties are involved in the dialogue and discussion of strategic change, and vision is driven by consensus and grounded in mission, not by those giving the money (Birnbaum, 1988). However, venture philanthropy infuses an entrepreneurial spirit into charitable giving and venture philanthropists are attuned to being in control of their business decisions. They expect a high level involvement in the charities and organizations they support (Bornstein, 2001; Boverini, 2005). And with this involvement, shared governance and mission are threatened (Birnbaum, 1988; Bok, 2003).

Earlier in the literature it was noted that venture philanthropists value being fully engaged in strategy development. The Washington Regional Association of Grantmakers notes several characteristics that define new philanthropists (2005). As defined earlier in the literature, venture philanthropists want to see significant impact and want benchmarks against which to measure. Venture philanthropists want to apply their skills, their business savvy, make connections, and see results. These are investments and they expect influence. The Walton family said it best; their involvement with the University of Arkansas was not a gift, but rather an investment with expected results (Strout, 2004).

Without a doubt, venture philanthropic relationships will have an impact on the governance structure (Eckel, 2003).
Changes in institutional strategies may have immediate implications for campus governance. First, the types of strategic as well as operational decision most likely will change. Second, the rules and criteria by which institutions reach decisions may change as motivations such as prestige and revenue generation gain weight. Finally, the locus of decision may change as many of the strategic decisions become distanced from academic issues, leading to changes in who participates in key decisions. (Eckel, 2003, p. 869)

Profit venturing decisions have historically been more misguided in the absence of faculty dialogue and academic programs and initiatives will change (Bok, 2003; Harcleroad & Eaton, 2005).

In his research, Birnbaum (1988) details the importance of college and university governance structures that value a culture of collegiality amongst faculty, administration, and trustees. Shared governance within the collegial model upholds a culture that embraces and values varying perspectives, faculty and administrative structures, and open dialogue to advance the mission and vision of the institution.

There are no signs that venture philanthropy is going away. Colleges and universities must provide venture philanthropists with opportunities to become involved beyond just giving a gift (Boverini, 2005). If colleges are going to engage in this type of philanthropy, they will need to provide venture philanthropists with a certain amount of control (Boverini, 2005). This poses a significant threat to shared governance and will threaten many institutions (Miller & Bellamy, 2012).

**Minimizing academic freedom and autonomy.** In recent years, key influencers at colleges and universities have expanded beyond traditional sources to include various
groups of external stakeholders. “Institutional autonomy concerns itself with the influence of outsiders – historically, governments, but increasingly, accreditors, state governments and policy makers, alumni and donors and unions – to shape and influence institutional direction and strategy” (Eckel, 2003, p. 878). This is of great concern to the academy, as some of the key pillars to higher education are academic freedom and autonomy.

The influence of venture philanthropy and its impact on academic freedom and autonomy is a concern for many scholars (Elliott, 2006; Hechinger, 2007; Miller & Bellamy, 2012; Wolfe, 2002). “Some forms of external control or even subtle efforts to influence teaching, learning or research may endanger intellectual freedom” (Schmidtlein & Berdahl, 2005, p. 72). Christine Marran, Associate Professor of Asian Languages and Literatures and current Co-chair of the Academic Freedom and Tenure Committee at the University of Minnesota, notes that as donor support becomes more and more important in these challenging economic times, so does the importance of academic freedom (Priesmeyer, 2012). She contends that “the role of academic freedom in the university is not susceptible to the vicissitudes of external funding” (Priesmeyer, 2012, p. 32). She does recognize that external funding is becoming more and more important to higher education, but argues that both faculty and administrators will need to aggressively protect and “safeguard the free exchange of ideas” (Priesmeyer, 2012, p. 32) If this fails to happens, the legitimacy is compromised (Priesmeyer, 2012).

Colleges and universities are not accustomed to donors having the levels of control and influence that venture philanthropists expect. “Despite its market sensitivity, the academic enterprise is driven by powerful internal forces that provide it with an
unusual degree of autonomy and, as a result, a capacity to resist pressures from external constituencies” (Hall, 1992, p. 403). Autonomy and academic freedom are foundations upon which higher education practices teaching, research, and outreach (Hall, 1992). Scholars are leery of the increased influence of venture philanthropists, while administrators welcome their financial resources. However, negotiations between donors and institutions often just include administrators (Miller & Bellamy, 2012). This, too, is contrary to Birnbaum’s collegial model (1988). Robert Kreiser, Senior Program Officer for the American Association of University Professors (as cited in Hechinger, 2007) expresses his worry about donor influence and those “that pressure instructors to adhere to a particular philosophy or political point of view” (Hechinger, 2007, para. 13). Kreiser specifically questions the impact on both academic freedom and operational autonomy (Hechinger, 2007).

The literature details several examples of venture philanthropy gifts to institutions of higher education, particularly those where controversy ensued. Influence and threats to academic freedom and autonomy are present in gifts at hundreds of colleges and universities across the United States (Miller & Bellamy 2012). Venture philanthropy, as both a philosophy and a practice, will continue to flourish and it is imperative for colleges and universities to be adept to the changing landscape and put in checks and balances to protect academic freedom (Priesmeyer, 2012).

**A threat to core mission.** With the decline of governmental assistance, higher education has had to increase its reliance on donors to support the mission and vision of the institution (Basinger, 2001; Kumashiro, 2012). But, venture philanthropists pose a significant threat to the institutional mission that drives colleges and universities (Wolfe,
2002). “The mission of higher education serves as a legitimate basis for determining actions that support higher education” (Elliott, 2006, p. 21). Birnbaum’s collegial model would agree. However, when a gift of venture philanthropy is contrary to the core mission, it will be viewed more as a problem rather than a solution (Elliott, 2006).

Venture philanthropists may lack real life experiences that support their arrogance, but they know what they want (Skloot, 2000). Their perceived expertise, and their inability to analyze organizational direction, is often overshadowed by their wealth and expectations (Skloot, 2000). Charitable gifts that do not support the values of the academy have the potential to disrupt both the mission and vision of the institution (Bornstein, 2001).

As noted in the literature, venture philanthropists have clear agendas. They want to manage both their giving and also manage the impact and outcomes to drive their own interests and agenda, having little regard for mission and collegiality. Higher education has long been influenced by donors to advance their mission. “Efforts to influence research and instructional agendas are reinforced by the nature of the academic marketplace. Because universities as institutions compete for funds, for reputation, for able faculty and, they are responsive to incentives provided by external constituencies” (Hall, 1992, p. 403).

In 2006 one of the country’s wealthiest entrepreneurs announced that he was going to support in excess of a dozen universities with billions of dollars to support medical research (Blumenstyk, 2006). Many universities were vying for the gifts, but quickly realized that the gifts came with expectations and benchmarks that made them
think twice about accepting gifts from the Alfred E. Mann Foundation for Biomedical Engineering (Blumenstyk, 2006). What was their fear?

Their fear: The agreements, to establish Alfred Mann Institutes at 12 to 15 universities – with endowments ranging from $100-million to $200-million each – in order to develop the commercial potential of biomedical-research findings, may be as much a strategy to control patent rights as they are an act of philanthropy. (Blumenstyk, 2006, para. 2)

Several universities, including Johns Hopkins University, Emory University, Massachusetts Institute of Technology, University of California at Los Angeles, and Georgia Institute of Technology, as well as others, have all declined to partner with the Alfred E. Mann Foundation for Biomedical Engineering because of the organization’s strategy to control patent rights (Blumenstyk 2006). Why have they declined? It is simple, because of the threat of academic freedom and threat to the core missions of the universities.

One of the most shocking declines came from the University of North Carolina. In April, 2006, Alfred Mann met with the University of North Carolina’s president of the state system, Erskine Bowles. Mann offered President Bowles $200 million to establish a multi-faceted institute to serve both UNC and North Carolina State University (Whelan, 2006). The gift would have been one of historical significance, however Bowles declined because he did not like the strings attached (Whelen, 2006). This was not the first rejection, as many other nationally known universities declined the gift as well.

Mann is puzzled by the rejections. As he sees it, universities should welcome his guidance since they typically do a bad job in commercializing their professors'
inventions. Professors, he says, don't know how to turn their ideas into products. University patent offices have trouble finding industrial partners. He cites statistics showing that $37 billion in government and industry sponsored university research each year leads to only $1 billion in commercial licensing revenue, a paltry 2.7% return. (Whelen, 2006, para. 6)

According to Robert Lowe, a professor of entrepreneurship at Carnegie Mellon University, it is a threat to academic freedom (Whelen, 2006). He states that universities do not want donors to have the rights to shop its intellectual property (Whelen, 2006). Colleges and universities need to keep communication open and also keep in mind the core mission of the institution. The academy is highly concerned as dollars overshadow the threat to the mission. “In keeping with the institutional mission, decision regarding the solicitation and acceptance of gifts and under what terms should be determined in an open communication process with all relevant parties” (Elliott, 2006, p. 4).

THE FUTURE OF VENTURE PHILANTHROPY

Does venture philanthropy have a future? Will it change all philanthropic practices? While it will most likely not go away, is also probably not on a trajectory to influence all charitable giving practices (Mair & Hehenberger, 2007). It seems that many non-profit leaders are remaining skeptical, but are open to discussions and potential conversations with venture philanthropists. It was just a little more than 10 years ago when many philanthropies were rattled by self-proclaimed venture philanthropist Paul Brainerd, founder of Social Venture Partners, who emphatically campaigned that venture
philanthropy was created “to use our brainpower, not just our checkbooks” (Pulley, 2007). It was this statement that ensued backlash and the negative perception.

Even as the tech bubble crashed that brought so much attention to the notoriety of venture philanthropy, the true venture philanthropists refused to go away. “Chastened, the would-be world beaters rolled up their sleeves, assumed a somewhat lower profile, and dug in for the long haul. And that was just the first 10 years” (Pulley, 2007, p. 29). August Napoli, Chief Operating Officer of The Summa Hospitals Foundation in Akron, Ohio believes that venture philanthropy only got stronger as critics chiseled away at its very core concept. “Venture philanthropy is about thinking outside the box about how philanthropy works in this country. We define philanthropy to mean fundraising, and that's a mistake,” Napoli says. “Venture philanthropy in the end is not measured in terms of dollars and cents. It's a profit-and-loss measurement of lives affected and changed” (Pulley, 2007, p. 34). Positive outcomes are inevitable as venture philanthropists’ strengths lie in both sound management execution and proven financial results. Nonprofit organizations have been heavily influenced as they think about their fundraising activity. Fundraisers, now more than ever, need to demonstrate to current and potential donors they are effective, managed appropriately, act strategically, and most importantly, are committed to stewardship and donor relations (Wolfe, 2002).

There is much to be gained for colleges and university partnerships with venture philanthropists, however critics emphatically warn against putting financial concerns ahead of mission. Colleges and universities must remain true to their core mission and goals. Return-on-investment is paramount to the practices of venture philanthropy and colleges and universities should be warned about placing returns over meeting goals that
are core to their mission. College and university administrators, faculty, and trustees should focus their attention on the relationship between venture philanthropy gifts and the expected results that are attached to them (Wolfe, 2002).

We are well into the second decade of venture philanthropy and it is here to stay (Many, 2009). Venture philanthropy is now part of the mainstream and continually employed by donors at varying levels. Venture philanthropy, as a concept for giving, has impacted the philanthropic landscape. Has it changed? Yes. It is less radical than it was when it first emerged (Pulley, 2007). Venture philanthropy today looks significantly less fanatic than it did at its peak. “Moving into the mainstream, however, doesn't preclude making waves. Like Carnegie, Rockefeller, [J. Paul] Getty, and [Andrew] Mellon before them, venture philanthropists expect to leave an indelible mark” (Pulley, 2007, p. 34).

Many experts have given way to crediting the concept of venture philanthropy for changing the way that philanthropy is viewed and executed from small to large nonprofit organizations, and yes, in particular higher education. It is important to note that venture philanthropy is also not a replacement of traditional philanthropy. Many still credit traditional philanthropy concepts as reinforcing the basic principles of venture philanthropy to be impactful and meaningful (Pulley, 2007; Wolfe, 2002).

There are a number of challenges, but the benefits can be great. The opportunities for higher education to benefit from the financial impacts of venture philanthropy are promising (Boverini, 2005). Venture philanthropy seems to have provided a new practice for philanthropy that has perpetuated a greater discussion about not only the impact of giving, but the fundamental process in which a gift is made. “As John D. Rockefeller, Sr.
demonstrated through his charitable activities, ‘the role of philanthropy is not to control wealth and knowledge but to expand and share those resources’” (Wolfe, 2002, p. 36).

THE NEED FOR CONTINUED RESEARCH

Philanthropy is the single force most responsible for the emergence of the modern university (Hall, 1992). Hall (1992) states, “it is curious that philanthropy has been of so little interest to scholars” (p. 404). In a 2011 Association for the Study of Higher Education Report entitled, *Philanthropy and Fundraising in American Higher Education*, Noah Drezner implicates the lack of scholarly research in higher education fundraising to provide faculty, administrators, and trustees with templates and frameworks to make decisions. He notes, “Although this atheoretical research offers some guidance for practitioners, the implications are limited by the failure to ground the work in theoretical or conceptual frameworks” (Drezner, 2011, p. x).

The popular media does however bring a significant amount of attention to fundraising in higher education. *The Chronicle of Higher Education, The Chronicle of Philanthropy*, and *Currents* are just a few publications that continually advocate fundraising in a higher education platform. However, observations have indicated that this is mainly editorial and opinion writing and absent of any scholarly research. Fundraising is playing a much more central role in higher education and there is very little academic research and scholarly literature on the topic (Kelly, 2002). There is a need for increased research of higher education philanthropy and giving patterns, because fundraising practices are minimally informed by scholarly research (Drezner, 2011).
Some research is beginning to surface as colleges and universities are implementing doctoral and bachelors programs in philanthropic studies (Drezner, 2011). However, little research has been done on the impact of venture philanthropy in higher education (Moody, 2008). “Venture philanthropy also deserves scholarly attention because it has notoriety and influence beyond its modest scale” (Moody, 2008, p. 326).

In reviewing the literature, I was able to locate several master’s theses about venture philanthropy, and only a few relating to venture philanthropy in higher education. I was able to find only one dissertation that focused on venture philanthropy in higher education. *When Venture Philanthropy Rocks the Ivory Tower: An Examination of High Impact Donors and Their Potential for Higher Education Development* was written by Dr. Luisa Boverini in 2005 in defense of her doctoral work at the University of Pennsylvania. In her doctoral work, Dr. Boverini reviewed the early questions about venture philanthropy and its relationship with higher education. Further review of the literature did uncover a significant number of sources; however few are based in theoretical or grounded research.

There is a need for further research, this is evident. Venture philanthropy is often referred to as the “epitome” of philanthropy models (Cobb, 2002; Frumkin, 2001; Moody, 2008) because of its innovation, ability to thrive, and because of its ability to translate basic business strategies into applicable strategies for the nonprofit sector (Dees, 1998; Letts, Ryan, & Grossman, 1997; Moody, 2008). “Venture philanthropy also deserves scholarly attention because it has notoriety and influence beyond its modest scale” (Moody, 2008, p. 326). Venture philanthropy research and analysis would validate and legitimize the concept to many skeptics (Moody, 2008).
Venture philanthropy has the potential to significantly impact organizations (Romirowsky, 2007). Reis and Clohesy, in their scanning process of the subject, found “a need for a conceptual framework for action” (Reis & Clohesy, 1999, p. 12). They believed that it was important to share with the donor community what they have learned about social entrepreneurship and venture philanthropy. They defined their vision for the framework as: “To unleash and leverage new resources dedicated to social development, driven by a blend and balance of market mechanisms and public responsibility” (Reis & Clohesy, 1999, p. 12). The need for the framework was not only for implementation, but for “the development of some options for action that could be critiqued and shaped through dialogue” (Reis & Clohesy, 1999, p. 12). They attempted to begin that dialogue through their research by creating their own conceptual framework for stimulating discussion.

Although existing research offers some guidance for practitioners, the implications are limited by the failure to ground the research in theoretical or conceptual frameworks. By failing to ground research and practice in theory, our understanding of peoples philanthropic behavior and ways in which practitioners engage and ultimately successfully solicit individual’s philanthropic support will ultimately continue to be limited to assumed best practices. (Drezner, 2011, p. 2)

SUMMARY

The purpose of this study is to better understand venture philanthropy and its impact on shared governance at liberal arts colleges through Birnbaum’s model of the collegial institution (1988). The literature identifies Birnbaum’s organizational theory as
the seminal work that guides how researchers define and compare how colleges and universities govern (Berquist, 2008; Bolman & Deal, 2003; Kezar, 2001; Kezar & Eckel, 2004). Birnbaum’s collegial model is the best classification of liberal arts college governance (Berquist, 2008; Kezar & Eckel, 2004) and serves as the framework for venture philanthropy to be studied.

Fundraising is very important to colleges and universities (Skloot, 2000; Borenstein, 2001; Wolfe, 2002; Blumenstyk, 2003; Duderstadt, 2003; Eckel, 2003; Drezner, 2011) and venture philanthropy is a growing practice within higher education (Capers & Gooternatne, 1998; Reis & Clohesy, 1999; Bornstein, 2000; Frumkin, 2001; Marcy, 2001; Wolfe, 2002; Backer, Miller, & Bleeg, 2004; Romirowsky, 2007; Saltman, 2010; Kumashiro, 2012). Venture philanthropy has become a popular method for donors who value impact, sustainability, and accountability (Bernholz, 2000; Frumkin, 2001; Katz, 2005; Letts, Ryan, & Grossman, 1997; Moody, 2008; Many, 2009; Reis & Clohesy, 1999; Romirowsky, 2007; Scott, 2002; Wolfe, 2002).

Venture philanthropy has been embraced by colleges and universities over the past decade (Bornstein, 2001; Boverini, 2005; Gose, 2003; Marcy, 2001; Pulley, 2007). However, the literature is limited to large universities’ experiences with venture philanthropy donors (Hardy, 2000; Henry, 2005; Miller & Bellamy, 2012; Strout, 2004; Strout, 2007). Venture philanthropy does not come without its challenges and concerns (Boverini, 2005; Elliott, 2006; Miller & Bellamy, 2012). There is a significant disconnect between venture philanthropy donors and the academy. A serious concern within the academy is that venture philanthropists’ motives disregard shared governance and minimize academic freedom, autonomy, and threaten core mission (Allen, 2002;
Bok, 2003; Bornstein, 2001; Boverini, 2005; Eckel, 2003; Elliott, 2006; Harcleroad & Eaton, 2005; Hall, 1992; Hechinger, 2007; Miller & Bellamy, 2012; Moody, 2008; Priesmeyer, 2012; Pulley, 2007; Strout, 2004; Wolfe, 2002). While there has been extensive media attention given to venture philanthropy, there is a need for scholarly research to provide faculty, administrators, and trustees with templates and frameworks to make decisions (Drezner, 2011).
CHAPTER III: METHODOLOGY

INTRODUCTION

Chapter II detailed the changing climate of philanthropy, the impact of fundraising on higher education, and the rise of performance-based philanthropy. Venture philanthropy was defined and its historical evolution was analyzed. The challenges and critiques of venture philanthropy were identified and several examples were illustrated. The concerns for the academy were identified and highlighted, and the future of venture philanthropy within academia was discussed. Birnbaum’s (1988) model of the collegial institution was also defined in detail.

Chapter III will detail the case study analysis by which the research was conducted. With significant literature to reflect on, the concepts of venture philanthropy were studied against Birnbaum’s (1988) model of the collegial institution. Emerging themes were identified and were framed against the conceptual framework of the collegium. The focus of the research was on liberal arts colleges who have engaged with donors that demonstrated characteristics of venture philanthropists.

RESTATING THE RESEARCH FOCUS AND RESEARCH QUESTIONS

The goal of the study is to better understand venture philanthropy and its impact on shared governance at liberal arts colleges through Birnbaum’s model of the collegial institution (1988), as well as help fill a void in the literature. This study investigated how venture philanthropy fits specifically within the unique collegial model of shared
governance at liberal arts colleges. To best achieve this goal, the following research questions have been identified:

1. In what ways has venture philanthropy impacted shared governance of private liberal arts colleges where charitable gifts, that typify the characteristics of venture philanthropy, have been accepted?
   a. Who were the decision makers involved in the cultivation, solicitation, acceptance, and implementation of the gift?
   b. What, if any, benchmarks, goals, results were agreed to before the gift was received?
   c. What was the process of accepting the gift?
   d. What was the motivation to accept the gift?
   e. What lessons were learned that might guide future gifts of this type differently?

These research questions seek to both define meaning and support the significance of the study. Therefore, this study utilized qualitative case study methods to uncover information and to explore new relationships of venture philanthropy to Birnbaum’s (1988) model of the collegial institution.

QUALITATIVE TRADITION

Research is the systematic collection of data and analysis of data for the purposes of gaining information about a phenomenon (McMillan & Schumacher, 2001). “Its goal is to discover general principles or interpretations of behavior that can be used to explain, predict, and control events in educational situations – in other words, to formulate
scientific theory” (Jacobs & Razavieh, 1996, p. 20). Diamond, Gardiner, and Wheeler (2002) suggest that research and data collection should be the foundation of any decision made at a college or university, and highlight research as one of the eleven requisites for institutional change. For the purpose of this study, qualitative research was employed.

Marshall and Rossman (2006) argue that qualitative methodologies have become very important modes of inquiry within the social sciences and applied fields, such as higher education. Qualitative research by definition is an exploratory approach to understanding a problem (Creswell, 2007; Marshall & Rossman, 2006). Qualitative research is used when we want to explore a topic deeper and get a better understanding of issues, phenomena, or nuances.

The qualitative approach was used in this research because it allowed for in-depth discovery of the topic. Quantitative research would not be the best vehicle to approach the research. Its methodologies attempt to quantify the problem and understand the problem by looking at results from a larger population. There are numerous qualitative research methods for collecting data; however, for the purpose of this study, case studies created through in-depth interviews were used for conducting this research.

RESEARCH DESIGN

Case study research is often used in higher education research (Jones, Torres, & Arminio, 2006). While typically qualitative, case study research has no barriers to collecting and analyzing data (Yin, 1981). Creswell (2007) notes that case studies are used to provide analysis of more than one system. However, making sure the research design is tight does provide increased clarity. This is particularly good for beginning
researchers (Miles & Huberman, 1994). A tightly designed case study allowed me to more effectively make sense of the data.

For the purpose of the study, I used a two case study approach. Yin (2003) notes that multiple case studies may be preferred over a single case study when conducting qualitative research. Criticism about conditions of selecting a single case study can be avoided, or at least minimized. And, conclusions arising from multiple cases can provide more powerful outcomes than those of single cases.

The results from the study will provide liberal arts college administrators with a deeper understanding of how venture philanthropy fits specifically within the unique collegial model of shared governance at their institutions. As such, administrators should be able to create policies, procedures, and practices. Case study examples were chosen because of their engagement with donors who characterized venture philanthropists.

**Cases and participants.** The two colleges were selected based on their history of fundraising success. Each college has been involved with a major gift from an individual donor that embodies the principles and concepts of venture philanthropy. The study focused on two liberal arts colleges.

The two selected liberal arts colleges have both similarities and differences. The two colleges are slightly different in size, prestige, academic rigor, academic plan, and each resides in different states. The colleges are also different based on their fundraising history. However, both colleges are considered strong Midwestern liberal arts colleges and continue to recruit students who value the liberal arts. Each institution’s name and identifiable characteristics will be changed and substituted throughout the study to guarantee confidentiality and limit any ability to identify the institution. For the purpose
of the study, the two institutions will be known as Green Acres College and Rapid River College.

Green Acres College is a Midwestern college that was founded more than 150 years ago. It enrolls more than 1,850 students and is almost equally divided between men and women who derive from almost all 50 states. It also has a strong international student population. Green Acres College effectively blends academics, student life, and civic engagement as a premier emphasis on their student experience. Green Acres College is located in a city of nearly 35,000 residents. Of significance is that Green Acres College recently completed its largest capital campaign, in which a gift of venture philanthropy was accepted. Green Acres College is a tuition driven institution that has depended on strong fundraising activity to enhance capital projects, endowment, and programs. Green Acres College is well respected amongst its peer institutions, regionally, nationally, as a member of the academic peer organization, and within its athletic conference.

Rapid River College is a Midwestern college that was also founded more than 150 years ago. It is smaller in size, enrolling about 1,350 students from 40 states. Gender is well balanced and international students are prominent on campus. Academically rigorous, Rapid River College provides students with academic programs that are blended with civic engagement opportunities and off campus experiences. It is located in a city of more than 74,000 residents. Rapid River College is in the silent phase of its largest ever capital campaign. It recently received a large gift that embodies the characteristics of venture philanthropy. Rapid River College is also a tuition driven institution that has depended on strong fundraising activity to enhance capital projects, endowment, and
programs. It is well respected amongst its peer institutions, regionally, nationally, as a member of the academic peer organization, and within its athletic conference.

I utilized purposive sampling to identify the participants for the study. Schwandt (2001) defines purposive sampling as choosing individuals for their relevance to the research. Furthermore, Creswell (2007) suggests that purposeful sampling will “purposefully inform an understanding of the research problem and central phenomenon in the study” (p. 125). For the purpose of the study, I selected presidents, provosts, chief financial officers, vice presidents of advancement/development, development officers, elected faculty leadership, and other identified individuals as participants.

These selected individuals are an “elite sampling” (Marshall & Rossman, 2006). Following the elite sampling was chain sampling (Patton, 1990). This provided a homogenous sampling that helped focus the data, reduces variation of responses, and helped to simplify the analysis of data (Patton, 1990). There was tremendous power in selecting presidents, provosts, deans, departmental chairs, development officers, and other qualified individuals from the liberal arts colleges.

The power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the evaluation, thus the term “purposeful sampling”. (Patton, 1987, pp. 51-52)

**Role of the researcher.** Marshall and Rossman (2006) define the role of the researcher in qualitative research as that of an instrument. As the researcher in this study, I recognize that I bring a range of personal perspectives to the situation. I have knowledge of higher education fundraising and as such, I have defined opinions.
However, my experiences also brought a level of expertise on the topic from more than 15 years of experience in the field and also having extensively reviewed the topic literature. Recognizing my expertise in higher education fundraising as a bias to the study is important.

My defined opinions of the study are based on my experiences working as an administrator at an elite private liberal arts college very similar to Green Acres College and Rapid River College. I have worked with several donors who have demonstrated the characteristics of venture philanthropists. My biases are based on my interactions with these types of donors as an administrator within a collegial model. While I have not secured a gift from a venture philanthropist such as those accepted at Green Acres College and Rapid River College, my opinion on how administrators and faculty could respond to venture philanthropists at collegial institutions have been formulated.

It was necessary to maintain an open mind throughout the study, and document only those interactions where I have personally witnessed and validated the information I received. As I better understood my own biases, I was better able to interpret and link the data collected throughout my research experiences.

**Data collection.** The study utilized interviews as the method for collecting data. Good case study research is derived from multiple interviews and good analysis of the information (Creswell, 2007). I conducted one-on-one interviews with individuals such as the college president, provost, chief financial officer, vice president of advancement/development, elected faculty leadership, and other identified individuals who were involved with or have key perspectives on the gift being discussed, as well as shared governance. Interviewees were initially contacted by both email (Appendix A).
and as necessary, follow up phone calls. Some scheduling of interviews proved to be difficult and, as such, I utilized gatekeepers and other key-influential insiders to endorse the study and asked them to assist me in securing visits. Once the interviews were scheduled, I immediately confirmed the visit date, time, and location in writing with an email.

Getting access was very important to the success of the research. I followed the recommendation of Marshall and Rossman (2006) and was intentionally authentic and open with each of my contacts about the topic and the intentions of my research in order to schedule the interviews. The identified administrators, faculty, and staff were assured that their participation was voluntary.

I filed the appropriate paperwork with the Human Subjects Institutional Review Board at Western Michigan University. It was determined that an approved consent form was not necessary (Appendix D). However, recognizing some voluntary participants may be more comfortable with a consent form, one was created (Appendix E); however the Human Subjects Institutional Review Board was not credited as approving the document. The consent form adequately informed participants of the study, as well as the interview process.

Research ethics were carefully observed to the best of my ability. Prior to conducting each interview, I asked each interviewee if they would like a copy of the consent form and/or a copy of the letter from the Human Subjects Institutional Review Board at Western Michigan University noting that a consent form was not necessary. Each voluntary participant was assured of their ability to withdraw from the study at any time. I informed each voluntary participant of the purpose of the study and the process for
data collection. Additionally, I assured each person of confidentiality to the best of my ability and I informed them of any risks associated with participating with the study.

The settings varied, as each interviewee was given the opportunity to select the interview location. Some chose to be interviewed in their own respective offices and others chose locations where they were comfortable discussing the questions. Interviews took place at a predetermined time that was agreed upon by both parties. As the researcher, I choose to interview the participants at locations that were comfortable for them, as it helped establish trust, as well as helped maintain comfort for the interviewee.

I used in-depth interview techniques to conduct the research. This ensured that what emerged was of the *emic* perspective, which is how the participant views a phenomenon, rather than the *etic* perspective, which is how the researcher views it (Marshall & Rossman, 2006). As cited in Marshall and Rossman (2006), interviewing is a process of having a conversation with purpose. Interviews are typically more like conversations because the researcher explores a few common topics that will help the interviewee with their responses, but also make an effort to respect how the participant frames their responses. As suggested by Marshall and Rossman (2006), interviews utilized the open ended interview guide approach. “The basic purpose of the standardized open-ended interview is to minimize interviewer effects by asking the same question of each respondent” (Patton, 1987, p. 113). This was advantageous to use, as it allowed me to ask each interviewee the same set of questions and reduce variation (Patton, 1980). Descriptive notes were taken of the responses to the questions and other dialogue. Data was collected using audio recording technology and notes. Digital recordings were later transcribed and coded. One recording was accidentally deleted and
unable to be retrieved. As such, notes taken during the interview were used to support the case study reports in Chapter IV.

Recognizing this could be a sensitive topic to discuss, I was sensitive to participant responses. I carefully pursued issues and/or topics about which interviewees were potentially uncomfortable speaking. I recognized that the questions may be unnerving given the sensitivity of the topic; however, I did my best to carefully navigate the discussion and pressed to maximize the information received. I reiterated that the research focus was about the process for accepting the gift and not strictly about the details of the gift itself. I circled back to the significance of the study which was to examine the context of venture philanthropy within a model of shared governance at liberal arts colleges and determine whether the traditional collegial model of shared governance can accommodate, or be altered to accommodate, the emergence of venture philanthropy in a way that enhances and advances the mission, vision, and values of liberal arts institutions.

Furthermore, each interview ended with the question, “Who else should I talk to?” Creswell (2007) notes that this would help identify other participants that could be valuable resources to the study.

**Data analysis.** I utilized both the literature review, as well as the information collected from the research questions to analyze data. Marshall and Rossman (2006) have suggested several analytical procedures that will be employed. They are, “(a) organizing the data; (b) immersion in the data; (c) generating categories and themes; (d) coding the data; (e) offering interpretations through analytic memos; (f) searching for
alternative understandings; and (g) writing the report or other format for presenting the study” (p. 156).

As suggested by Creswell (2007), an observational protocol assisted not only in the collection of data, but in the analysis of the data. After the data was collected it was transcribed and coded. “Coding is the formal representation of analytical thinking. The tough intellectual work of analysis is generating categories and themes” (Marshall & Rossman, 2006, p. 160).

Next, inductive analysis was used to process the information (Hatch, 2002). Inductive analysis is beginning with pieces of information and finding connecting elements among them. Its main purpose is to take smaller interesting pieces and bring it together for a meaningful whole (Hatch, 2002). In doing this type of analysis, I searched for patterns, phenomena, and/or potential anomalies that developed in the research. I anticipated that the initial coding would identify predetermined themes that would relate to both the characteristics of venture philanthropy and characteristics of shared governance within the collegial model as defined by the literature review.

As data was analyzed, emergent themes were captured. It was my intent to initially categorize the predetermined themes as this provided me with an opportunity to critically review the data a second time. A second review of the coded data allowed me to identify what new themes emerged and to authenticate unanticipated patterns, phenomena, and/or abnormalities.

After I captured the patterns, I ascertained themes. The two cases were compared against these themes, as well as the literature. Yin (2003) describes these techniques as pattern making and cross-case synthesis. “The process of searching and coding within
salient domains will lead you to look more closely at your data and give you a better sense of the richness and importance of the domains you are finding” (Hatch, 2002, p. 169). It is important to note that data analysis can be difficult, time consuming, illuminating, vague, and just plain messy; however the end result is that it brings order and structure to the data collected (Marshall & Rossman, 2006). Even seasoned researchers will often find data analysis challenging.

Finally, all digitally collected data, notes, and transcripts have been given to my faculty advisor and are being stored on a password protected file server at Western Michigan University. After a three year period, the file will be destroyed. All saved copies of the digital voice recordings, as well as printed transcriptions and notes have already been destroyed.

**Triangulation.** Triangulation is ideal. According to Patton, (1987), data triangulation is “the use of a variety of sources in a study, for example, interviewing people of different status positions or with different points of view” (p. 60). It forces the researcher not to rely too heavily on one source or method, thus undermining the credibility and validity of the data. There are four basic types of triangulation; however, for this study I used data triangulation. At the end of each interview, I made sure to ask if there are any other relevant individuals that may be of interest to talk to (Creswell, 2007). This process helped me triangulate the data with different points of view and different perspectives.

Furthermore, I identified the emerging themes and conducted further interviews as determined necessary. I anticipated that it was not going to be uncommon to
reevaluate interviews and to follow up with those interviewed to ask for additional clarifications or ask more questions.

**Limitations.** Limitations are inevitable. Patton (as cited in Marshall & Rossman, 2006) stated that there are no perfect research designs. It was important for me to recognize the limitations of the study and to convey them in reporting results. My limitations are biases, time, budget, and willingness of subjects to participate.

**SUMMARY**

The goal of the study is to better understand venture philanthropy and its impact on shared governance at liberal arts colleges. The study utilized a qualitative research approach. A case study analysis was employed. Two colleges were selected based on their experiences of accepting a gift from an individual donor that embodied the principles and concepts of venture philanthropy. Interviews were conducted with presidents, provosts, chief financial officers, vice presidents of advancement/development, development officers, elected faculty leadership, and other identified individuals. And as the researcher in this study, I recognized that I brought a range of personal perspectives to the research. I have knowledge of higher education fundraising, as well as defined opinions that created biases about the topic.

Data was organized, coded, and categorized. During the analysis of the transcriptions, emergent themes were captured. Predetermined themes were initially categorized as this provided me with an opportunity to critically review the data a second time. A second review of the coded data allowed me to identify what new themes emerged and to authenticate unanticipated patterns, phenomena, and/or abnormalities.
After themes were captured, connections were made. The cases were finally compared against the themes, as well as the literature. After analyzing data patterns, and making connections, the two cases were compared and contrasted using emergent themes.
CHAPTER IV: FINDINGS

INTRODUCTION

The purpose of this research was to explore venture philanthropy and its impact on shared governance at two nationally prominent liberal arts colleges. Through multiple case study interviews and document analysis, I was able to respond to the following research question and sub-questions:

1. In what ways has venture philanthropy impacted shared governance of private liberal arts colleges where charitable gifts, that typify the characteristics of venture philanthropy, have been accepted?
   a. Who were the decision makers involved in the cultivation, solicitation, acceptance, and implementation of the gift?
   b. What, if any, benchmarks, goals, or results were agreed to before the gift was received?
   c. What was the process of accepting the gift?
   d. What was the motivation for the gift?
   e. What lessons were learned that might guide future gifts of this type differently?

The methodology used to conduct this study included numerous open-ended interviews with administrators, staff, and faculty members. The two case study institutions were chosen based on their experiences with donors who made charitable contributions that embodied the principals of venture philanthropy. Themes emerged from the data analysis that bring understanding to the relationship between the collegial
model of shared governance and venture philanthropy. First, findings are reported through in-depth case-study analysis of participants’ understandings of shared governance and specific gifts of venture philanthropy at their institutions. Second, emergent themes are presented through cross-case analysis of the two institutions. And finally, research questions are answered. Chapter V connects the findings to the relevant literature presented in Chapter II through a discussion of study implications, limitations, and recommendations for further research.

PARTICIPANTS

For the purpose of the study, I selected presidents, provosts, chief financial officers, vice presidents of advancement/development, development officers, elected faculty leadership, and others that emerged as participants. Each college was re-named to maintain confidentiality.

The two colleges were selected based on their history of fundraising success. Each college has been involved with a major gift from an individual donor that embodies the principles and concepts of venture philanthropy. The study focused on two liberal arts colleges with both similarities and differences. The two colleges are slightly different in size, prestige, academic rigor, academic plan, and each reside in different states. The colleges are also different based on their fundraising history. However, both colleges are considered strong Midwestern liberal arts colleges and continue to recruit students who value the liberal arts.
RAPID RIVER COLLEGE

Rapid River College is a Midwestern college that was founded more than 150 years ago. It is small in size, enrolling about 1,350 students from 40 states. Gender is well balanced and international students are prominent on campus. Academically rigorous, Rapid River College provides students with academic programs that are blended with civic engagement opportunities and off campus experiences. It is well respected amongst its peer institutions regionally, nationally, as a member of the academic peer organization, and within its athletic conference.

Rapid River College is a tuition driven institution that has depended on strong fundraising activity to enhance capital projects, endowments, and programs. It is in the silent phase of its largest ever capital campaign. It recently received a large gift that embodies the characteristics of venture philanthropy. Interviews were conducted at Rapid River College over the period of several weeks. A key insider was utilized to help me identify individuals with knowledge of the gift, as well as gain important access to them. In total, ten interviews were conducted with senior officers, senior staff, and faculty leaders. Additionally, one former officer was interviewed because she had experience with the venture philanthropy gift prior to her departure. In total five current officers were interviewed, one former officer, one senior staff member, and three faculty members who were elected faculty leaders. They were the president, provost, vice president for administration and finance, vice president for student affairs, the current and former vice president for advancement, executive director of development, chair of faculty executive committee, and two members of the faculty leadership group. Gender distribution was fairly even. Three of the officers were female and three of the officers
were male. The former officer was female, as was the senior staff member. Of the three faculty interviewed, one was female and two were male. Access to identified individuals was fairly easy, as no one on campus refused meeting. Interviews were conducted in the office of each individual with the exception of the former officer; that interview was conducted over the phone. My initial interviews were conducted over three intensive days on campus. The remaining interviews took place over the remaining month depending on the interviewee’s availability.

Each of the interviewees had a distinct role in the shared governance structure, as well as a clear understanding of the specific venture philanthropy gift being discussed. This was helpful as it allowed me, as the researcher, to have a robust conversation about the topic being researched. Each interviewee was candid and it was not evident that anyone was nervous or reluctant to answer any of the questions. Each interviewee was given an explanation of the research and it was noted that an HSIRB consent form was not necessary. However, a copy of the prepared consent form was presented to each participant. No participants opted to sign the consent form and all were comfortable with the interview structure and questions.

**Shared governance at Rapid River College.** Each participant was asked about their understanding of the definition of shared governance. An administrative officer of the institution noted, “I would say it’s the distribution of decision-making across various parts of the institution, going actually from faculty to the board and sometimes, depending on what it is, students as well.” However, another administrative officer commented that shared governance, in practice, does not necessarily translate into equality in decision making. He noted that each individual has a distinct role whereby
consultation is encouraged, but final decision making responsibilities rest with specific individuals depending on the role and topic. He articulated,

Shared governance is a model of engaging everyone within the institution in helping lead the institution forward. And it does so still with specific defined roles for various constituencies within the institution. While some may think about shared governance as “everybody has an equal say in everything,” I don’t think that’s the case.

A fellow administrative officer supported this same concept. “Well, it’s always in the context of higher ed, because I’m not aware of any other entity where it occurs, but it really is – I would probably call it partially shared governance,” he said. He added,

It’s a very small group of people who get to share in it. It’s the faculty and it’s some senior-level administrators. The rest of the campus does not share in it. They might indirectly, through committees and stuff, but when we talk about shared governance, we’re really talking about a way to preserve faculty involvement in institutional decision-making.

Faculty members, when asked about their understanding of the definition of shared governance, heavily focused on the specific role of faculty members. One faculty member commented,

I suppose in the context of the college, typically when I think of shared governance I’m thinking in terms of the faculty having input into creation of new policies and probably because I’m a faculty member. When I take a little more time to think about it, shared governance, I think, in truth, should also extend to
staff and student representation. So even though I typically think as a faculty member because that is what I am, to what degree is faculty having some kind of real input into new policy. I think for significant policies here, there needs to be input from across the board. So in some kind of ideal world, that would be shared governance.

Another faculty leader noted that faculty should have as much influence as possible over the academic decisions of the institution, but that can be limited by a lack of resources to support faculty control over academics. He noted,

The difficulty with that is, in order to implement that control, they need money and they don’t have control over that one, so that’s where the tension is. What’s problematic in many institutions is that the faculty, in principle, have control over curriculum, but the problem is there are other people in the administration who want to push this aspect – curriculum or not or this or that – it’s not originally from the faculty, so that is a weakness in shared governance.

Interviewees were then asked the question slightly differently; specifically how they would define shared governance in practice at their own institution. Administrative officers noted that they all believe that shared governance at their college mostly mirrored their earlier broad definition. However, one administrative officer added a potential frustration of the overall concept of shared governance. She noted, “I probably would have added that it’s my observation that liberal arts colleges over-obsess so that, in fact, shared governance sometimes works much better, much more nimbly, in larger places then it does in smaller places.” Faculty members also similarly aligned their institution-specific answers with their broader definitions of shared governance.
However, one faculty member shared her frustration with her perceived situation of shared governance at Rapid River College. She stated, “Ideally, it would be the same. I think the faculty here is relatively weak in its ability to influence the decision-making of the administration of this institution. Now we don’t have a lot of say.”

It was clear that each of the interviewees understood their leadership role within the governance structure at the college. Whether that role was defined by their job description or by their election into a leadership position within the institution, each person recognized their specific duties and expectations as it related to the larger institution. When asked what could make their respective roles stronger within the decision making structure of the college, all of the officers of the institution answered with satisfaction for their current ability to influence decisions and actively participate in the decision making process of the college. One administrative officer noted,

I feel like I have a pretty strong role here. I guess I feel that way because I’m asked for my input constantly. And I feel like people listen to what I have to say and what my perspective is. I guess if it were strong, the only way to strengthen it might be in the shared governance idea if it were more connected to faculty decision-making. But that’s not the role; that’s not how it’s set up.

A member of the faculty had a similar analysis of his role’s effectiveness within the decision making structure of the college. He noted, “I guess honestly I felt satisfied on the different committees that I’ve served. They’ve each had their own role of a certain role – cog in the machinery of the faculty governance.” However, a lack of financial resources was identified by both administrators and faculty members. One faculty member noted that a different governance structure may be advantageous. It was
commented that a lack of financial resources and external pressures often impact the faculty leadership role. He noted,

I think what would make it stronger is if – some schools have a slightly different structure, where, in fact, some of them don’t have a provost, they have a dean of faculty who really is the head of the faculty and pushes, really comes from the faculty and pushes it on the administration that’s got the resources. At some schools, like one I went to as an undergraduate, had a structure sort of like that. At that time it was very difficult for the administration to do certain things in terms of the academics without the faculty because they just wouldn’t get it accomplished. But here, I think we can – the faculty are constantly trying to do things, and we just don’t have the resources, the financial resources. I think the provosts will give us that if they had it, so we can’t. And then extra things get added and movements in certain directions because of pressures outside the institution.

Additionally, one faculty member noted that it is important to be an active and engaged advocate for the faculty body. When asked the question, “What would make your role stronger?” she commented,

The strongest chairs of faculty executive committee that I’ve seen over the years are those faculty with a clear sense of their role as faculty. If you get faculty who just want to make nice and make all the problems go away, then you have a weak faculty executive chair, and we have had those. The strongest chairs are those faculty that have a very clear sense of what faculty need, what is equitable and
who aren’t afraid to say that, so those faculty who don’t shy away from conflict, but also don’t create conflict for conflict’s sake.

Shared governance at Rapid River College is generally believed to be effective, with some minor challenges. Finding the adequate amount of time to devote to shared governance is an ongoing concern. Many interviewees noted that it takes initiative and ongoing dialogue, which is often hard to come by. As such, efficiency is potentially compromised. An administrator shared his observation that some parts of the faculty governance system are not the most efficient. It was further stated, “And sometimes working toward that efficiency might undermine some of the other goals of transparency and collaborative decision-making.”

Additionally, some individuals believe that faculty input is not enough. Some believe that in order to be effective, the administration needs to let faculty make more decisions. One faculty member noted,

I would say generally, yes. That’s not to say that I’m in agreement with all of the policies that we take or everything, but I feel that there’s a process in place that works, more or less, to get input and that’s had input from all the various effective constituencies. So I would say I don’t have a big concern. I’ve had concern about certain policies that I’m not happy with at the college. But the fact that those policies haven’t changed isn’t a result of the absence of faculty governance; it’s that I’m a clear minority with regards to certain policies, but that’s life.

Another faculty member commented that he hopes input is valued and sought, but does not believe it is always the case. In sharing an example of his opinion he noted, “The way it works here is, basically, the provost decides on those priorities and just asks for
advice.” A senior administrator noted that shared governance at Rapid River College was as effective as at any other liberal arts college. She commented,

Our big challenge right now is that the world is changing much more rapidly than the shared governance process is designed for. While one of the strengths of American higher education is the deliberative process that allows you to keep tradition, as well as to espouse something new, we’ve got to make sure that we don’t become so mired in process that we don’t get some things done. I think that’s a real challenge.

She continued with a detailed example of Rapid River College by saying,

I think the faculty committee structure is one example of that. I think the way in which the board is working right now to determine how it most effectively ensures educational quality, without designing the education itself. So what’s that fine line whereby the board sets some rubrics and says, “prove to us that you’re doing what you say you’re doing,” without saying, “I’ve been looking at the catalog and I’ve looked at the history department and there’s too much race and gender in history right now, and what happened to the day when…” or “I was looking at the catalog and a student can graduate now without a math course.” That’s really not the board’s purview. If the faculty can demonstrate that the students have the capacity to handle mathematical thinking, whether they’ve had to take this particular course or not. So I think the area where the faculty should have its greatest responsibility is, in fact, around the curriculum and academic standards.

On the other hand, I think probably at [Rapid River College] the faculty is probably too involved in the budgetary process. I think we have a faculty
planning and budget committee that meets too often, that probably looks for things to do rather than saying, “let’s let the staff do this and report to us when it’s time.” So I think that’s one area. One of the challenges, I think, around shared governance is that it really evolved at a time when the academy was not as professionalized as it is now.

Where there were no deans of students who really had been trained in student development, who know much more about student development and discipline than a faculty disciplinary committee would. We don’t have a faculty disciplinary committee, but I just use that as an example of the fact that, given the professionalization of higher ed, some of the areas in which faculty has some governance responsibility, they really don’t have a lot of technical skill, but the idea is “we’re faculty, so we can do anything.”

**Philanthropic decision making at Rapid River College.** Interviewees were asked how decisions were made about philanthropy at the college. Interestingly, the faculty and administrators had a wide array of responses. However it was also evident that faculty leadership had a difference in understanding, whereas the administrators were clearly aligned in their beliefs. Some faculty leaders felt that decisions made about fundraising priorities were driven by the administrators and/or board of trustees. Some faculty leaders were completely ignorant of the entire process. And other faculty members were straight forward with their belief that collaboration was absent all together. One faculty member noted,

Where I’m unclear at is I really don’t know what happens in the sausage factory of the advancement office. Once certain goals are articulated, do they take these
and go to their major donors? I also don’t know from the other hand. Does a major donor come to the college and say, “I’ve got a million dollars, but only if you’ll fund this center” or “only if you’ll do so.” And then is there a negotiation or does the college come back and say that we’re not interested in that; we are interested in X, Y and Z? My guess is we probably don’t look very many gift horses in the mouth.

A staff member agreed that there have been communication challenges between the advancement office and the faculty. She noted that when she arrived at the college, there was an ongoing concern from faculty that many of them just did not know what was happening within the advancement office. As such, two faculty members were selected in coordination with the provost’s office to have ongoing conversations about the work of the development office. The goal was to have faculty meet with development staff on an ongoing basis to discuss issues that were facing the fundraising team. The idea was that the faculty members would be part of an open dialogue that could be reported at faculty meetings. It was unclear if this conversation allowed for input from the faculty to the advancement office and if that supported driving philanthropic priorities. A member of the administration commented that discussions about topics of philanthropy happened in “isolated pockets.” Some faculty members felt they had input, but questioned whether or not their opinions were taken into consideration. One faculty member stated, “I feel they’re taken into consideration, not necessarily followed. I think, because the administration has other priorities as well. I understand that. I think the faculty understand that.” Another faculty member noted,
Well, we’ve had strategic planning committees and things that had a lot of faculty reps on it. Plus, I think some administrators. They gave recommendations on what’s needed and tried to help prioritize and that is given to the president and the advancement team as kind of their priorities, but, and then the board of trustees also weighs in on those kinds of things. So, for example, the whole thing with the athletic fields, the faculty would never have given that as a high priority. In fact, they were very upset when it was kind of bumped up in priority, but the administration felt it was essential for recruitment.

One faculty member noted the president made those decisions. But that some of the decisions were influenced by the vice presidents.

Well, the VPs weigh in what they want – need, the president decides, and kind of pushes. It is interesting that there is a presidential advisory group. I forget what it’s called – I should know; I’ve been on it as provost. There’s no faculty rep on it. In the old days, many years ago, the faculty representative from the faculty executive committee would go to those meetings. But even that wasn’t very effective because I think the result was those meetings never discussed anything that was really important because there was a faculty rep there. Even now, I think a lot of decision-making is done outside those meetings.

And one final comment from the chair of the faculty governing body was clear that shared governance is absent regarding issues of philanthropy. She noted, “That’s one… there is no shared governance on philanthropy, there just isn’t. Which is an issue at point sometimes.” In providing an example of this absence, she shared,
I’ve got a colleague in my department who’s endlessly frustrated because we haven’t finished the funding for a chair that we started the funding for 10 years ago. For whatever reason, that chair is not fully funded and it makes my colleague stark-raving mad because he spends a number of hours out of his work schedule every academic year doing fundraising and it never results in that. From my point of view, it shouldn’t be his job. If they want to trot him out and say, “this is why we need this position funded,” fine, he’s more than happy to do that. But it’s not his job. That’s why we have a development office.

The strategic plan was clearly articulated by all interviewees as the vehicle that was driving fundraising priorities. Those fundraising priorities were set by a systematic vetting of priorities against donor interest and where the administrators, in coordination with fundraising counsel, believed funding to be available. There were 18 people that were part of the strategic planning process which included administrators, staff, and faculty. It was a large committee, but everyone sat at the same table and worked as a team. Some sub-committees were developed and particular committees were remanded with certain issues. An administrative officer shared,

The strategic planning committee had representatives from all constituency groups, from trustees to alumni to faculty, staff, students, coming from that strategic plan. We then did a feasibility study to see which of the elements in the plan really might resonate as fundraising priorities, and then the fundraising priorities were kind of distilled from that. So it really emerged right from the strategic plan in most cases, and when there have been opportunities that are
outside the strategic plan around philanthropic opportunities, we’ve really tried to see what’s the best way we can link them to that.

As part of the strategic planning process, a former administrator noted that the advancement staff was working hard internally to build collegiality with the larger campus community based on some challenges identified in a previous administration.

She said,

I think it was very clear in the development of the strategic plan, that from that we would draw campaign priorities. There was a lot of faculty representation, a lot of staff representation, and at the same time, development and alumni communication folks were out within the campus community talking about the value of philanthropy. Which I think was a little different from my predecessors. Based on what I was hearing from the staff, from people you and I know, that it had been fairly held very close to the former president’s vest, and pretty strongly directed and I think that the conversations broadened. My staff members were out a lot, talking with faculty, so the conversation happened I think across campus because I think that my staff members were good educators about philanthropy. And I think all of my colleagues on executive staff/President’s Council were very collegial, very collaborative, and very supportive. The provost, who is still there, is naturally warm and engaging, loves to talk with people. The president is fabulous at preparing ahead of time and going out and talking with people, had no problems talking about giving.

It was noted that new priorities have to, and do, evolve frequently.

Administrators noted that the president, provost, and vice president of advancement were
all key members to making final decisions on priority setting. Smaller projects were
dealt with internally and larger projects did entail communication with the board of
trustees. An interesting note to the process for vetting fundraising priorities was defined
by one staff member. She noted,

Right now, we’re certainly driven by the strategic plan, so those are the priorities
and that is reflective in the campaign that we’re doing. So we’re raising money for
institution priorities there. Other things obviously always come up and we have to
prioritize whether we in advancement spend time working on them directly,
whether we assist faculty, for example, in seeking out funds.

Faculty members did note that the president has been clear that all
fundraising priorities follow the strategic plan. Faculty members were provided an
opportunity to participate in creating the strategic plan, but the fundraising priorities set
forth, especially for the current capital campaign, were directed by the president. Both
faculty and administrators noted that fundraising priorities were set by the president. A
faculty member said, “What I remember was simply being told this what we’re going to
do and this is why we’re going to do it.” Similarly, an administrator commented, “The
president provides updates to the faculty occasionally in terms of here’s what we’re
doing. I’m not sure there is a lot of interaction with the faculty on the campaign other
than periodic updates.”

All members interviewed understood that the decision making about fundraising
priorities rests with the president. Some recognized the role of the provost, the vice
president of advancement, and in some cases, the board of trustees. A member of the
administration commented, “The president, the advancement staff. To some degree or
another around specific areas, one or more vice presidents or directors, and then trustees.”
But it was clear; the campus community understood that decision making rests with the
president. An administrator noted,

    Well, it starts, obviously, with the president and the development VP. It then goes
from there to the board level and there’s a discussion that president’s staff has.
But it’s not an in-depth discussion. It’s more informative. The president says,
“here’s what we’re thinking of.” And so the whole process came down through
the strategic planning process, which the president’s staff was involved with that,
and then it went to the board and the board endorsed it and so forth.

**Understanding institutional mission and vision at Rapid River College.**

Each of the interviewees was asked “What are the mission and goals of your college?”
Interestingly, each person answered with a very clear understanding of their institutional
mission. A former administrator commented, “I’m here now at my fifth institution. Most
mission statements take up a page. This is a sentence. When I was there, I could have
quoted it to you, because it is very clear.” While many of their responses varied in word
choice, there were several words that aligned across interviews. In order to maintain
confidentiality of the institution, I have decided not to highlight those similar responses as
it is specific to the institution and will compromise their identity.

Interviewees were then asked, “Do you think all constituents at the college think
they are the same?” Responses were mixed. Of the administrators, staff, and faculty
interviewed, six believed the question to be true and answered with a “yes”, while the
other four answered with a “no”. One administrator noted that she believed everyone
knew the mission of the institution, or at least the tenants of the mission. She noted, “I
think the majority of us could muddle through it, could give you an abbreviated version.
I think the key parts of the mission that would resonate with a lot of folks are a diverse
and complex world, because we talk about that stuff a lot.” A faculty member in
agreement also said, “I think because the faculty, over the years, have believed that, and
the people they bring in are like that, they buy into it, and the ones who don’t are actually
pushed into it and kind of agree to it.”

Of those administrators who believed that the goals of the institution were
different. One interviewee responded,

Yeah, I think internally everybody would view that. What’s interesting, what I
can’t really answer very well is – because I haven’t been here that long – I’ve
been here 4 years. But there may be alums who date back a long time ago that
have seen the institution change. And they may look at the institution in a
different light, maybe not always quite as favorably.

Another administrator who also did not believe the campus community thought the
mission and goals were the same responded by stating, “Because I still think there’s,
depending what generation you’re in, it’s either television or silos. I think some people
are still focused on me or my department and not the institutional growth.”

Interviewees were then asked, “What is the vision at your college?” None of the
faculty members interviewed had any idea what the vision was, but they all believed
there was one. Many responses were grounded in their own individual beliefs as to
where Rapid River College should go. One faculty member and one administrative
member each noted that it was their hope that institutional vision was aligned with
mission, but did not know. Of the administrators and staff interviewed, many believed
there was a vision, but like the faculty, they could not articulate a core institutional mission. However, all of them believed the vision aligned with the advancement of the institution. One administrator expressed,

I think I would answer that by saying on one level, even though we do not subscribe to the validity of rankings, I think we would like to be mentioned in the same breath as some institutions that are perhaps more national and less regional. I mean we really want to be viewed as a national and international institution. So the second is I think there’s a vision that we would be able to have the financial base at some point that would allow us to meet the full need of prospective students and enroll young people here truly in a way that doesn’t exclude a single person who really could benefit from this experience, and we’re not there yet in the financial base.

An administrator asked, “What is the vision? The vision of the college, I think, is to be one of the best liberal arts… and I know everybody says that, but I think we’re really serious about that.”

To align questioning about the interviewee’s understanding of institutional vision, each interviewee was asked, “Is the vision shared amongst the decision makers?” All faculty members responded with a “yes.” But one response was particularly interesting. She believed that 95% of the faculty would not see a critical difference in the mission of the institution with the vision of the institution. She noted that, “the difference between mission and vision is something that most faculty will give you a blank stare about…” All of the administrators and staff also agreed that the vision was shared, but their understanding of that shared vision varied. One administrator said,
I would probably have six or seven things that make up that vision. I’m giving you a real quick answer that isn’t very well thought out. And I think if you put the decision-makers in a room, I think there’d be agreement around the six. I’m not sure that somebody else, Colleague A, would place as much emphasis on perhaps that aspirant group of institutions that I might. So I think there’s cohesion around the vision. The relative weight of one piece of it versus another might be a little different from one person to the next.

Another administrator said,

I think there’s a great deal of buy-in… I think the strategic plan articulates how to go about striving for this vision. I was not here during the time of the development of the strategic plan. As I look at it and as I talk to people, there was a lot of collaboration and buy-in participation of the process in developing that strategic plan. I think people know what the strategic plan is. I think people know what it is we’re trying to do.

**Final thoughts on shared governance.** Each interviewee was asked, “What else should I know about shared governance at your institution?” Administrators and staff noted that shared governance at Rapid River College was like most liberal arts colleges. One challenge noted focused on determining times when shared governance made sense and when leaders need to make decisions that are best for the institution sans the shared governance structure. It was mentioned that communication and collaboration are key. One interviewee stated,

We, like many other institutions, have periods of history where there’s been better collaboration and better work together in shared governance. And there’s periods
of time when it’s been a little rockier when the faculty and administration don’t work as well together or the faculty don’t feel the trustees care about them at all or whatever. I think we’re in a period of time right now where it’s not perfect, but there seems to be a lot of… I can’t think of the word. We seem to very much be on the same page and really be trying to work together.

An administrator noted,

I think it’s probably not untypical here from most institutions. There’s always the feeling of faculty that we don’t know enough. There’s always a feeling of we share enough with you that you know what you need to know. Beyond that, I’m not really sure what more we can…

When the same question was presented to the faculty, there was a significant amount of information provided. The current leader of the faculty governance committee mentioned a “legacy of really strong outspoken subtext. There is stubborn as all get-out faculty.” Putting Rapid River College into context, the faculty member reflected on his work doing program reviews all around the country. He commented, “We’re not unusually outspoken.” But the faculty interviewee did note the cycle of presidents coming in at the college have never served in the position before. The faculty member said, “And so there is a cycle that repeats itself. And the faculty get kind of tired of that. There’s just a rich tradition and I think for the faculty it’s good. I know for certain members of the president’s staff it’s frustrating at times. But I think that is an essential piece of information to understand shared governance.” Additionally, another faculty member noted,
The faculty at the college do not have a very effective structure for having much power, let’s say, or influence. It’s fairly disorganized. This faculty executive committee, we rarely are able to rally the faculty around issues. Instead, occasionally, there’s an issue that comes up and we’re able to push the administration effectively to get something changed, but we’re not able to act as a unitary group. We don’t have a strong leadership structure here for faculty.

I asked the faculty member, “Is that a problem? Or is it okay? I mean, does it work?” He responded by stating, “No, it doesn’t. I think it is a problem. Because I think what it leads to is the fact that the administration will tend to make decisions using other inputs because our leadership is weak.” And finally, one member of faculty talked about concern and discussion on campus of the specific gift of venture philanthropy I was there to discuss. The faculty member mentioned they were involved with the process from the beginning and had nothing to do with the negotiations or how the money was received. He shared,

I’m sure here you’ve heard bits and pieces of the story about how this donation to the college came to be. But I don’t know any hard details. But what I do know is when a large donation like that is made, it does raise concern in some sectors of the campus about “what does this mean for the mission or the vision or just the ethos and nature of the college itself?”

He continued by sharing his personal belief that the gift fits well with the overall mission, as well as the overall ethos of the college. He further supports his opinion by detailing an example of what has defined Rapid River College’s distinctive brand for decades. According to the faculty member, this is one of the unique
characteristics that have made the college stand out among its peers. He noted a frequently surfacing concern is that “we’re sucking all of the attention away from our nationally recognized” programs because of the new gift. He worries about how many of these types of programs at a small liberal arts college like Rapid River College can be sustainable. He states,

But I know from listening to some faculty and staff, there is concern. So I guess one of the issues that comes to mind, and I don’t know if you’ve heard this conversation, what happens when you have a large gift, a large donation to the college, which, to use the words that I know, “it’s potentially transformative.” And you’re kind of sitting back and you’re thinking, “Who consulted me about this?”

But I can easily see if I were, I don’t know, maybe somebody in the hard sciences or maybe somebody who felt kind of left out of the process. There was no vote. There was no, “are we as a faculty or staff or student body going to have any say in whether this comes or not?” It sort of came. We had input into crafting it. And again, I’m speaking to someone who thinks this is a tremendous addition to the college. But there was no point – just frankly, there was really no point in which any constituency – faculty, staff or students – had the opportunity to say, “Nah, we really don’t want this.”

What transpired was a directive that the gift was coming. From a faculty perspective, there was no influence in saying whether or not Rapid River College accepts the gift. It was never on a priority list and it was clear that the college would be accepting the gift. The faculty member finished the thought by stating,
Okay, the gift came. We embraced it, and rightly so from my perspective because I think it melds well with our mission and our ethos. But if you’re asking in terms of faculty governance, did we ever have any kind of process where we as a campus community could say yay or nay, no. Not that I recall. And again, I’m happy that it’s here but it was the gift came and we embraced it.

Each interviewee was asked who else I should talk to about shared governance at Rapid River College. Each person responded differently, but there was a consistency in recommendations for administrators, staff, and faculty that were also interviewed.

**The gift of venture philanthropy.** Rapid River College accepted a gift of $23 million in 2012 from a private foundation that was funded by a member of the board of trustees. This gift would forever change the landscape of the college. In order to maintain confidentiality, the foundation will be referred to as the “VP Foundation” and the individual will be referred to as “Mr. Trustee.” The VP Foundation was founded and funded by Mr. Trustee. The original conversation about the gift started with Mr. Trustee and the president of Rapid River College. One interviewee defined the gift as a definite “game changer.”

The gift was awarded in two parts. The initial seed money was given as a planning grant to start putting things in place in 2009. “Faculty, students, staff were involved in that. And then that gave the initial shape and idea to it. And there was money at that point to support the planning efforts, the preliminary efforts,” said one administrator. A planning committee of both internal community members and external experts was convened to start discussing and eventually planning what the gift might look
like. The goal was to prove to Mr. Trustee and the VP Foundation that they would be happy with the direction in which the college was moving, and have confidence that the college could succeed.

**Characterizing the donor.** The donor is characterized by some as the VP Foundation and by others as Mr. Trustee. As the interviewer, I was even questioned on how I defined the donor. One administrator asked if I was characterizing the donor as the VP Foundation or Mr. Trustee. I asked them, “Who do you see as the donor?” They noted the donor was “technically” the VP Foundation. The administrator further noted, “And we have a person at the foundation to [whom we send] the annual reports and keep abreast with everything that’s happening.” However, the foundation is “clearly leveraged” by Mr. Trustee. Mr. Trustee is the original founder of the foundation, he is wealthy, he sits on the board of trustees, and he is a graduate of Rapid River College. He is very passionate about particular issues that are core to the VP Foundation and is very close to the college and its president.

Individuals at the college cite Mr. Trustee’s quiet and reserved nature. They claim he does not want to be in the public and share a lot about himself. One faculty member described him as smart and committed, but not naïvely so. She stated, “He’s not just going to throw money at the problem and keep throwing money at it. If he throws money at it, he wants results. That’s why I say he’s not naïve about it.” Mr. Trustee is seen as a “results-based” donor. One administrator described Mr. Trustee as someone who wanted to make a significant difference at the college and find a way for his values to inform a philanthropic gift. He is someone who has appreciated being stewarded “with respect and with real accountability.”
Additionally, a former administrator commented that Mr. Trustee was someone “…who has given a great deal of thought to his philanthropy, who, throughout the years, has continued to define and hone it, so that it truly is an extension of what he believes in passionately.” She continued to note that during her tenure at Rapid River College, she watched Mr. Trustee mature as a philanthropist and garner increased clarity with his vision of what he wanted to do with his wealth.

**Playing into the ecosystem.** There are varying perspectives regarding how the gift plays into the ecosystem of the college. Some believe it will have significant impact, others are not so sure. “That’s been interesting to watch,” said one administrator. “From the beginning, people knew that it had to be integrated into the life of the college.” Two additional administrators agreed that the gift is a work in progress and not yet fully determined. Rapid River College is still learning. “That’s a really good question, and it’s early. I think it’s hard being a new entity on a campus that’s been here for a long time.” Another administrator expressed that the gift fits a long history at the college that aligns the values of the foundation with the values of the college. Furthermore, another member of the administration in support of the gift stated,

Oh, it’s going to have a significant impact on the college over time. […] The potential of this gift was as an example of an initiative that was not part of the plan. But when the possibility of the gift emerged, one of the things that we did was we looked at the plan to see, how could this gift foster things that were already in the plan, and we were able to do that. For example, endowed professorships were one of the components of the plan and there are two endowed professorships associated with this gift. Scholarships were another area. There
are four scholarships associated with this gift. Internships were part of the professional and career-development components. So it is going to drive our priorities and also provide an opportunity for the college to distinguish itself… Cautiously addressing the gift and its ability to fit into the ecosystem of the college, one administrator noted,

From my perspective, I think it does play to the goals, the direction the school is heading. In many respects, the school is becoming – you got to understand I come from a very conservative background; that’s who I am. I see the institution becoming more and more liberal in terms of some of the ideals. And that’s not a bad thing. I don’t mean to make it sound that way. But there are those individuals here that have questioned what is this thing doing, kind of crowding in. It wasn’t part of the original strategic plan. It kind of got shoehorned into that strategic plan.

And now that it’s here, it’s been embraced by most people. But you would not find, if you went out on campus, you might find 60% of the campus that would say, “Yeah, wow, this is a great thing.” I think it’s just because it’s still fairly new in the process and people are still trying to understand “How does this fit into what we do? What does it mean? And are they driving the boat over there?”

Faculty members also recognize that there are both immediate connections to the ecosystem and yet, there is still much that is unknown. One faculty member noted that he believes it has changed the landscape of fundraising at the college to impact more faculty. Another faculty member noted that most faculty members were supportive of the
issues that the funded program addressed. However, one faculty member commented that the response has not been all positive. She mentioned that she has heard that many in the community believe that the gift is nothing more than the donor advancing his own agenda at the college.

**Connecting the gift to the mission and vision.** Both administrators and faculty members believe that the gift plays positively into the mission of the college. Because of its academic nature, one faculty member noted his support for the gift as it provided for more faculty lines and another noted that it has provided connections among campus constituencies that have might not have otherwise existed. Additionally, students were identified as being impacted by the gift in a positive way. One unique response was from a faculty member who expressed that Mr. Trustee’s interests and liberal politics “have, thankfully, in my point of view, sort of consolidated the left-wing tendency of the college. I like that. It’s good.” He continued,

One of the candidates we had for, I think, the academic director position came and asked a very, very good and very smart question of me when she was here for the interview. She said “how long is the president going to stay and what do you see as the future…of the center with your next president?” I said with this gift…we have pretty much done away with the possibility of getting a right-wing president. Politically the gift has made a huge difference and solidified the college’s position, the faculty member argued.

While most responses from both administrators and faculty were positive, one administrator noted that she believes the gift has overshadowed the college. She stated, “I see it playing into the mission of the college. My observation from afar is that it has
overtaken the mission a bit, that it has focused the mission in a pretty specific way.”
Similarly, another administrator asserted that they have had to work through issues with individuals on campus who managed programs funded by the gift. There was a belief that the gift empowered certain individuals to control, direct, and in some cases, dictate campus policies and procedures to the extent that it created new challenges and problems for the college. While this challenge has been mitigated, it did raise concern about the gift influencing campus practices unrelated to the gift.

The gift’s role in the vision is still somewhat ambiguous for the college. One member of the faculty was hopeful that it would generate more income, like grants, to put the college in a position to become more distinctive. An administrator hoped it would support innovation and visibility. And several commented that it would need time to unfold to see just how it aligned with the vision of the institution. A few of the interviewees acknowledged they didn’t even know what the vision of the college was.

**The process for accepting the gift.** Most people on campus do not know who had the idea for the gift. In fact, most respondents speculated about it, but very few knew the facts. For those who did know, the idea germinated with the donor. One administrator said, “The idea to give the gift belonged to the donor. I will tell you, the donor came in with a napkin, literally, and said, ‘I’d like to give this much money for a…’ That’s all it said.” The president of the college had not thought about this type of program before. Mr. Trustee did have a lot of conversations with the president about the vision for the college, and as such he approached the president with the idea. A faculty member who was part of the planning process noted,
I don’t think anybody in the college – faculty, staff, or students – had ever envisioned [the center] that came with the gift. And again, we embraced it and it’s provided other things, like endowed professorships, which were part of the strategic plan. But the center – nobody was thinking along those lines until it came to us and then, by and large, with some exceptions, the college has embraced it.

The process for accepting the gift was extensive, and yes, quiet. “Yeah, well, it was kept very quiet. I – it was a weird time – I was even in the dark,” said one administrator. The donor approached the president with the idea and it was acted upon swiftly, even though it did not align with the strategic plan. A small group was initially assembled and fact finding ensued. The small group consisted of a couple colleagues of the donor, some people the president knew locally and nationally, the president, and the donor. One administrator said, “We began to brainstorm about what could this be.” Part of the donor’s hope was that the gift would give the college greater national visibility.

A committee was then assembled to include administrators, faculty, staff, students, and outside consultants. Interestingly, as part of the planning group, the consultants were jointly identified by the president and Mr. Trustee, said one administrator. The group was given parameters in which to do their work. The committee was told to dream and think, but within a specific construct that was already negotiated with the donor. A faculty member, who was also a member of the planning committee, said,

So there were some parameters. It wasn’t just “We’ve got a whole lot of money; what would you do with it?” It was like, “We’ve got a donor who’s interested in
promoting [a program] and would like us to envision the center. What would you do? Within those parameters, dream!”

The donor, Mr. Trustee, decided what those parameters were. However, the committee was given some leeway in planning as long as it aligned with the outlined parameters. An administrator said the committee was asked to think about the gift in terms of “What would that look like? What are the components of it? What’s the leadership structure? What’s the mission, vision, goals?” Recognizing that the initial concept did not come out of the strategic plan, the committee took the opportunity to integrate important components of the strategic plan. Endowed chairs, faculty fellowships, and student scholarships were added. The proposal was then presented as a planning grant to the foundation and it was funded. The planning grant was executed for two years and the larger gift was negotiated and announced in 2012. But was this just a process that was created to appease the campus community? One administrator believed Mr. Trustee was always going to make the gift. “I think that the planning grant was more of a public relations thing. I think that it was a political thing to help him with his board, although he has control of it.”

The committee did not work directly very much with Mr. Trustee. Direct contact with the donor was almost solely with the president. A lot of conversations were happening between Mr. Trustee and the president throughout the planning process. “There was reporting back and forth with the foundation so that they were seeing what you are doing, how is that happening,” said one administrator. According to a faculty member, Mr. Trustee decided “to run the money through the foundation because this is his interest in accountability.” The foundation cared a lot about reporting. Additionally,
Mr. Trustee also weighed in on the selection of the architect for the building that was to be constructed. He was unhappy with initial plans to renovate a building, according to one faculty committee member. So, he decided to construct, and pay for, a completely new building. He interviewed firms and “was involved in the planning and dreaming of the vision.” According to a faculty member, from afar the process appeared to be collaborative, but Mr. Trustee clearly had a role in the process and the campus community listened.

The president was the person who closed the gift for the college. All members of the campus community interviewed clearly identified that ownership of closing the gift resided with the president. Negotiations ensued between the president and Mr. Trustee exclusively. Clearly the major conversations took place between the donor and the president; therefore interviewees really did not know how to answer the question about donor negotiations. It is believed that the donor gave the college a great deal of flexibility. However, one administrator acknowledged there was a strong assessment component that might not have been built in by the college. For the VP Foundation, assessment was important. Ongoing reports will be given to the donor and the foundation. There was significant collegiality between the president and the donor. As many noted throughout the interviews, there was a strong personal relationship between the two that had developed over the years.

This was not the typical process for accepting gifts at Rapid River College. “I think this was unique in my 19 years here because I can’t think of anything like it,” said a faculty member. Another faculty member identified the gift, and the process, as being potentially opportunistic. He said,
No. It’s not what we usually do. I think what usually happens is the president and her staff has some sense of the needs based on strategic planning, based on what they see, based on enrollment patterns, all that, they encourage donors to meet that. But they try to feel out what the donors are interested in and sometimes gifts come in that are perhaps not the most useful but surely they have some value. Sometimes maybe they’re not the highest priority, but they pay for something that frees up money that can go to the highest priority.

However, according to those involved in the acceptance of the gift, the process worked well. An administrator said,

… I think it was [effective], because the type of issue was so broad, so if somebody wanted to give me the same amount of money for scholarships, there’s no conversation, but this was really building something that wasn’t here and that would impact almost everything we do. And so, talk about shared governance, you just don’t get up and announce that we’ve got a center with this much money and we’ve figured it out and no faculty were involved? I mean, one, we did want to model the process, but also I think this was of such magnitude that I think the community had to be a part of helping to shape it.

According to a staff member in the development office, the college learned from the process and is using the same process with other gifts too, even ones that are much smaller. The college is actually in conversations with another donor and is utilizing this process as a guide for the new donor gift conversations.

**Managing the gift.** Each interviewee was asked how the gift was being monitored and measured. The faculty members did not know definitively if any
assessment plan was implemented. One faculty member laughed and stated, “That’s a very, very good question.” She further stated, “Well I could tell you, we have a kickass assessment plan. This assessment plan just is perfect. It just kicks ass, right? The problem is it’s not clear to any of us who actually wrote the assessment plan, whether or not the assessment plan is being implemented.” Another member of the faculty stated, “That’s a great question. I remember one of the subcommittees that we formed that summer when we were doing some of the initial planning was trying to think up a series of criteria that we could use to assess the success or failure of this gift. And I recall that there was a whole list of criteria.” The VP Foundation required a strong assessment plan, according to one administrator. But, the faculty member did not know if the assessment plan had been utilized.

And actually, I was thinking about that a couple of months ago. Whatever happened to those criteria? Has anyone actually employed those criteria now that the center has been running for about two or three years? Has anybody ever actually gone back to our initial assessment?

Apart from the two senior administrators, none of the administrators and staff interviewed knew how the gift was being monitored and measured. They only speculated and guessed. The two administrators connected to the academic functions of the gift noted there were both quantitative and qualitative assessments to the gift. However, their answers were disjointed and not definitive. As an agreement to the gift, there was a five-year reporting requirement. “We built an assessment component. One of the goals, for example, for the donor, was that this would lead to some increased visibility for the college, that it might make our recruitment exercises less fraught with
challenges each year.” In addition to keeping the VP Foundation updated, administrators were also keeping the board of trustees apprised of the work all along the way.

Assessing the response from internal and external communities. When the gift was announced, the internal community had mixed feelings. All faculty members confessed their frustration and confusion with the announcement, but that was primarily because they all knew about the gift prior to the announcement and did not feel it was new information. However, one faculty leader expressed her cynicism of the gift. She noted, “Some of us go to our jobs with a good healthy dose of cynicism, never expecting the institution to ever change.” She further expressed, “I’ve got other colleagues who, they’re just so incredibly cynical about the academic institution that they will never do it. Everything that comes out of their mouth is like, ‘Why do you do this? Why do you do that?’” She further elaborated,

And then you get people who really do honestly believe that institutions can set the pattern for the future, that we really can train students to change the world. I’m somewhere in the middle of that. I’m more on the cynical side. But I think we have to try. But I don’t think we can succeed. I’ve had rip-roaring arguments with my best friends about how do we know if we succeed.

Administrative leaders noted that they believed the announcement of the gift carried little fanfare for the internal community. “Nobody was surprised,” commented one administrator. Additionally, some administrators believed that the internal response was mixed. One member noted, “Yeah, there were some who were very, very happy about it. They thought this is a good thing.” However, some were skeptical. He shared,
And then there were those, some of who come out of the faculty side, some of who may even come from some students who said, this just feels weird. Why are we doing this? This money could be used better on other things. Our programs were struggling. It’s a little bit of that jealousy.

He further elaborated,

And then there were those that had the attitude of, and some are department people, who say, “We struggle with tight budgets. All this time they’ve got all that money. Are you kidding?”

While administrators interviewed did acknowledge the mixed responses from the internal community, the administrative consensus was that the response was positive.

The external community response has been interesting. Respondents noted that it has most definitely been mixed, with the exception of the president, who believed the response was, “much more excitement.” With the president as an exception, faculty and administrative leaders agreed. However, one member of the faculty said he really had no idea about how the external community responded. An administrator stated that alumni have been mixed with their response. Younger alumni tended to be more accepting of the gift, while older alumni questioned the gift’s intentions and transformative nature. One administrator commented, “…there was concern that ‘holy crap, there’s this big gift. Is it now the tail wagging the dog?’” A faculty leader commented that alumni were also very cynical. She noted that many welcomed the gift and the initiative, some questioned the intentions, and yes, some were just ambivalent about the announcement.

Interestingly, one administrator commented on the board of trustees. He noted that the board did go through a process of questioning the gift. He said,
I don’t think there was a question within the board of trustees, “Is this a good thing or bad thing?” They just wanted definition. “This aligns with our mission?” for example. “Tell me how does this play out? How does it play out in the classroom? How does it play out within other parts of the campus?” We have alumni who have said, “This is further evidence that the college is moving to the left and I don’t like it and I don’t want to be a part of the college anymore.” I can’t quantify that. But there are a couple of loud voices.

Recognizing that the donor was a member of the board of trustees, I asked one administrator, “If [Mr. Trustee] was not on the board, would this still have been a vision that would have been followed by the college?” He responded by stating, “Probably the first question I ask is, ‘Would the germinating conversation ever have happened?’” I asked him to elaborate. He said,

If the germinating conversation had happened, I would say yes because the work that we’re trying to do and the way we have been able to integrate it within all the priorities of the institution are still central to what we’re about or what we’re trying to do. Obviously, it wouldn’t have happened if the germinating conversation hadn’t happened, and is probably less likely that would have happened without him on the board.

**Motivation for the gift.** Members of the administrative and faculty leadership were asked what the motivation was behind the gift. Overwhelmingly it was agreed that the gift was really intended to be a “game-changer.” Two faculty members said they did not know the motivation of Mr. Trustee to make the gift to the college. But one faculty member speculated his motivation. She said,
He’s a wealthy individual. He decided to try to make a contribution to his alma mater, which he clearly loves, in this way. I think the college saw it as an opportunity to further its mission and saw it as dovetailing very well with a lot of stuff that it already was doing or has tried to do or would like to do. And so, even though it was not on a bucket list of anybody’s strategic planning at that time when it came about, it was like, whoa, heaven sent because it can do lots of different things for the college.

I prodded a little and asked the faculty member a follow up question. I noted that based on what I heard, Mr. Trustee wanted to do something impactful for his alma mater. However, out of curiosity, I asked if it was a coincidence that the gift aligned with his the VP Foundation, and his personal interests? I said to the faculty member, “…it seems like based out of the strategic planning that you all have come up with these other priorities that if he wanted to do something impactful or transformative, he would have just said, ‘Well, these are the needs of the people who came up with these priorities; I’ll just fund one of those.’”

The faculty leader commented that a true answer would need to come from Mr. Trustee, but his speculation was that he had a vision to help others beyond the college and that was more impactful than the needs of a football field, health center, etc. Mr. Trustee had an idea and a belief in what impact it could create. The faculty leader stated,

So, I think he presented it to the college and the college embraced it. I suppose the college didn’t have to embrace it. I suppose the college could have said, “Nah, that’s not really what we want. What we really want is a natatorium.” But honestly, and I say this not just because I’ve been involved from the beginning, but I really do think that it meshes well with the ethos of the college.
Another faculty member, potentially feeling some reluctance to answer the question, noted that the question of motivation was one for Mr. Trustee. I asked her directly what her belief was on the motivation, and she shared a story with me. She talked about a time she was meeting with Mr. Trustee over lunch. She said a very conservative politician walked by and Mr. Trustee commented on him, noting that if he had a chance to travel abroad and expand his world, he would potentially expand his vision and not be the politician he is today. She noted, “…he really believes that education can change minds.” She further elaborated on the story by saying, “He believes in people’s ability to change.”

Administrators believed the motivation was simply based on a deep love for the college, as well as his deep passion for the issues on which he, his foundation, and the gift focused. It was said, …for the donor, he cares a lot about using his wealth to change things in ways that are aligned with his values. I think he thought it was a way to enhance one of the things he loves about this college and to really transform the college. And through the college, to transform the world, which again, sounds like big talk, but that’s what he’s about.

One member of the administration described Mr. Trustee as a person who cared deeply for the college and had the financial capacity to make an impact. She stated that he believed in the direction of the college and wanted to be able to promote it. Another administrative leader said the motivation was consistent from the initial conceptual conversation to the current status of the gift. And from his perspective, the motivation
was to “create a transformation here in some way.” And finally, it is believed that Mr. Trustee was clearly motivated by his relationship with the president.

**Aligning the gift with the mission and vision.** Even though the concept, and eventual funding for the concept, was not part of the approved campus-wide strategic plan, there was a belief that the gift aligned with the mission of the institution because of the longstanding history of the college and its values. When asked about the alignment of the gift with the mission of the college, one administrator said, “Absolutely. In fact, when I presented to the foundation and when I began the presentations with the board, I began by talking about the history of this college.” He further stated, “This isn’t a tangent; this comes right out of our history.” There was a very consistent response from those interviewed that the gift did champion the beliefs of the college and as such, aligned with the mission of the institution. It was noted by an administrator that, “I think the number one priority is pure. I do think that, and I think there are a lot of tangential or side benefits associated that are important, but not critical. In my mind, the critical piece was this had to align with our mission.” In clarifying his response, it was determined that he believed that the core motivation was purely focused on the mission. He expressed that the VP Foundation and Mr. Trustee would not have been motivated by increasing the caliber of the institution alone. It had to focus on this specific issue. However, he did acknowledge that there may have been other internal motivating factors of which he was unaware.

Additionally, when asked about the gift’s alignment with the vision of the college, the responses were slightly limited and not rich with information. One member of the administrative team was intrigued by the separation of questions about the gift’s
alignment with the mission versus those that dealt with its alignment with the vision. She said, “Again, I think that that’s such an interesting question to ask those two separately because I wouldn’t necessarily have thought about it in that way.” She further stated that she believed the vision of what the faculty leaders and administrators they think the gift is, should do, or could be is probably opposite from one another. One member of the faculty believed the gift to be focused on the vision of visibility for the college, innovation, and leadership. She stated, “I think it fit – or we made it fit.”

**Short term vs. long term impacts.** Inquiring about the short term and long term impacts to the institution was something that many individuals interviewed had not originally considered. From the perspective of the short term benefits to the college, immediate visibility was noted. An administrator said,

I think the short term impact would be that kind of immediate visibility that we got around something. Another short term impact is what we’ve been able to do so students feel the gift right away, whether it’s these internships on a sliding-fee scale.

He further states,

The speakers that we’ve been able to bring on campus through the fellowship program. And immediately there’s some relief for faculty. We’ve got two chairs, we’ve got the scholarships, and we’ve got two sabbaticals all built into that, and that was part of that linking what this gift could do with our priorities.

Similarly, another member of the administrative leadership team said,

I think there’s an opportunity to think about deepened programming, curriculum around issues of [a very specific program], around leadership development skills
broadly. Some clear impacts are more scholarship money to endowed chairs, program money, and those types of things. I think some of the longer-term impacts can be enhanced visibility for the institution. I think it can also help push higher education generally and liberal arts education in an important way of thinking about how do we educate people to think in a more socially just way, to think about their roles in building a more socially just world.

An administrator shared that she believes the college has become more visible to other entities, activists, and other organizations that mirror the same values of Mr. Trustee and the VP Foundation. She expressed that the gift will continue to put the college on the map. She said, “It sort of highlighted it or underlined it in ways. The gift has also had in some ways kind of a separating effect.” However, she recognizes that the gift has been given to the college, but has a separation that is still yet to be fully vetted. She did mention some concern. Referring to the extremely well-funded program that was created by the gift at the college, she commented, “It’s not even named for the college. It’s got the name of the foundation, the donor. So really, how connected is it to the college? So that’s been a short term kind of, hmm, what the hell’s going on?”

Long term impacts are yet to be known. However, there is mixed speculation with regard to the future of the gift and its impact on the college. “I think the long term impact is one. I think it’s too early to see that. I think I know what we hope it will be. But I don’t know yet what the long term impact will be,” said one administrator. The long term hopes are high. One administrator hoped that the gift might spark other foundations to take notice. “That may open some doors for some other opportunities for conversations in the foundation world. Even longer term, I think we’re only bound,
honestly, by our imaginations…,” he said. Furthermore, another member of the leadership team said, “Long term, I really believe that if we can keep momentum and really figure out for us, how this does fit into the mission of the institution, and be able to best verbalize it, it is something that does put us in a different playing field nationally because we do have the center.”

**Thinking about the gift retrospectively.** Members of the college were asked if they would do anything differently with the gift. “Sure, we learned some things. I can’t think of a really big significant thing that we ought to have done differently,” said one senior administrator. This seemed to be the overarching response from all interviewees. However, there were some comments that stood out. It was suggested that there was some confusion about how the new center aligned with the college. One administrator said,

> I think in hindsight, I would have tried to be more clear about the relationship between the foundation, the college, and the center. There was a lot of ambiguity about [that]. For many people, even within the college community, it looked like a triangle to them.

He further stated, “I think I would have tried to do a – this is maybe marketing and branding. I would have been more focused and intentional about how do we brand this as part of the college and not be something separate.” Another administrator suggested that there may be some use in enfranchising the larger campus community outside of those hand-picked to sit on the planning committee. “It may have bridged some of the gap that I think exists,” she said. Additionally, it was highlighted that it may have made sense to involve the board of trustees earlier.
One member of the faculty suggested that more thought should have gone into leveraging the gift. He believes that if the center that was created did not raise even more money, that the initiative all together was probably a failure. He noted that the college could not just rely on the operating budget that would be generated from the gift endowment. He stated,

I think it has to get gifts to itself that help the college and itself, of a few million dollars every year. And I don’t know if it’s doing that. I don’t know if it’s gotten a single gift, but I think it really needs to do that. That was brought up in some of the discussions, but it doesn’t seem to have stuck very much. I don’t see much effort in it. I don’t think there’s anybody, I don’t know if there’s anybody in the administration of the center who sees that as a goal.

Interviewees were asked how the campus community thought about philanthropy after the gift. There were some similar answers, but there was a clear difference among many of the respondents, and differences between the faculty and administration. From the faculty perspective, fundraising is recognized as being important to the college. It was noted by a member of the faculty leadership that fundraising is widely appreciated. She said,

And 20 years ago, faculty would have said, “Why would anybody give to the college?” Now, people say, “Yeah, we need donors and we really appreciate the work that’s gone into this.” And so there is a greater respect for this, and part of that is having faculty who understand fundraising, and faculty representatives to our advancement committee who stand up and say, “Look.”
However, faculty members do not believe that things are any different. One member of the faculty said,

I don’t think they’d think much about it. The category of philanthropy, if you said that word, if you walked down the hall, they’d look at you and say, “What?” Unless somebody is involved in fundraising, or unless somebody likes fundraising, or unless somebody is involved in a nonprofit, or they know what fundraising is, philanthropy is not a word they recognize. In the abstract, they know what it is…

Another faculty member shared that he has heard a lot of faculty mention that the president merely got lucky to get that gift. Additionally, the same faculty member stated that they do not believe that a gift, even as large as the one from Mr. Trustee and the VP Foundation, can make a big enough difference to change the mission of the college.

When administrators were asked how they believe the campus community thinks about philanthropy after the gift, their views were very different. While one member of the administrative team thought it was good that the campus community saw the college getting large gifts, another person noted that he believed that the campus community does not think any differently. One interviewee answered that there are a lot of people who think that Mr. Trustee is merely giving another gift to the college, “but this one’s really huge…and it’s pushing a particular agenda.”

Another member of the administration thinks the gift may have created some confusion. He shared,
I heard a faculty member say once, “Okay, so if we have a strategic plan and all of a sudden a big donor comes along, does that mean that the strategic plan changes?” It’s a valid question.

When asked how he responded to the faculty member, he stated,

I said, “Well it depends on what that gift is. We don’t turn down every gift just because it’s not in the strategic plan. If it makes sense, if it fits the mission, if it can do good for the institution, then the college is going to look at it seriously.”

One of the newer administrators said that he did not believe the campus community thought any different about philanthropy. He said,

I think within the leadership of the college, I think that we say there was a model here, a template that worked, which was: Let’s get people together. Let’s plan it. Let’s get some seed money. Let’s see if we can do it and then let’s endow it. So that now becomes a different way of thinking about new program opportunities. So when we think about ethnic studies or environmental stewardship, that is going to be the model. We’re going to ask ourselves why would we deviate from that. The rank and file, though, the philosophy professor or the head lacrosse coach, I don’t know that they’re thinking about it any differently.

However, another administrative leader believed that the gift heightened the appreciation for philanthropy on campus. She said,

I do believe, and this goes back to what I was talking about earlier, I think they are seeing more of the activities, especially with the campaign that we’re doing, which this gift is a part of, that we are impacting the college in a positive way. I think they’re understanding philanthropy a little bit more. I think faculty want to
be involved where they can – many do – not all of them, but many are willing to
be available to talk to donors, etcetera.

**Final thoughts on philanthropy, venture philanthropy, and shared governance.** Each person interviewed at the college was asked if they had heard of venture philanthropy and was asked to define it. None of the faculty interviewed had heard of venture philanthropy. Administrators were split with their responses. Five had heard of it, whereas three had not.

As a follow up, each person was asked how they would define venture philanthropy. Some responses were, “innovative fundraising,” whereas the majority interviewed connected the term with venture capitalism. One person said,

I don’t know what it means. I’m not sure what you’re saying. It’s philanthropy designed – well, if I think of venture capitalism, in trying to make the connection. So, what is venture capitalism? Venture capitalism is somebody puts up money to some company or whatever, start-up, with the hope that that start-up will grow and make even more money, and that will go back to the investors. Venture philanthropy would be sort of similar. So, start-up money, hoping that what you’re giving the money for will grow and I think this is sort of what I said about growing the thing, but I’m not sure whether it goes back to the donor and how – the only thing that should go back to the donor is the prestige maybe.

Each interviewee was also asked how they see the relationship between venture philanthropy and shared governance. All of the faculty leaders believed that the influence from venture philanthropists should be minimal. One faculty member thought that the faculty body should retain enough control over the use of the gift that they would
continue to control the academic part of the college. And another faculty member recognized the importance of making sure such gifts were mapped into the ethos of the college as closely as possible, otherwise they would fail. One faculty leader noted that the relationship of venture philanthropy and shared governance is possible within certain parameters. He said,

So I’m thinking, because I know nothing about venture philanthropy, and I really mean nothing, I suppose you could be a philanthropist and just say, “God, I love my alma mater. Here’s $50 million. Do what you will with it.” Then you would construct this faculty-staff-student committee to say, “What can we do with it?” And my guess is that’s not really how venture philanthropy works; that most venture philanthropists have some sort of seminal idea. And so the faculty governance, the parameters are the idea.

Some administrators believed that venture philanthropy could weaken shared governance. One noted that gifts of venture philanthropy are beginning to happen more frequently and institutions are continuing to accept them.

But the dual governance issue doesn’t play into it. There’s not this dialogue with the faculty that says, “What do you guys think? Should we really accept that?” I’ve worked at five institutions now, and I’ll be honest, I’ve never seen any institution that operates on that level with their faculty.

Other administrators believe the relationship between the two concepts to be highly problematic. One commented, “Ooh, a great deal of tension – a great deal of tension.” Furthermore, one administrative leader answered that she was not sure the two topics went together. She said,
For me, there’s actually a much more critical issue. I think we’ve got people defining or trying to shape our work who don’t know anything about it. I’m much more worried about that. I am – this is not the question you asked – but I’m really worried about the Gates Foundation. I don’t think they have a clue about what they’re doing and I think they are then shifting our work in ways that are not productive. So for me, it’s less a shared governance issue and more a mission issue. Are they leading us to mission creep? Are they leading us off? Because we’re trying to get this money from whoever it happens to be? I’m more troubled about that than the impact on shared governance.

Only one faculty member interviewed had ever even thought about the relationship between philanthropy and shared governance. The other two acknowledged they had never thought about it. Most administrators admitted that while they had thought about the linkage between philanthropy and shared governance, it had been minimal. In thinking about the two concepts and asking if the relationship between the two ever came to his mind, one administrator said, “A little bit. Honestly, probably not much here, and maybe it’s because of my role here as a senior officer.” He further noted, But I do recall several times thinking, “How did this gift get to this place without faculty knowing much about it, without there being a very open process, particularly if I, or many of us from the faculty in particular, didn’t think there was much of a fit, whether it’s a grant that the institution was writing or a particular gift? How’d we get there? Why? How does this fit with anything?” Part of that might have been there wasn’t a very clearly articulated strategic plan and vision and all that stuff that was very publicly shared.
However, like the faculty, most administrators had not thought about the linkage between philanthropy and shared governance before. One administrator said,

No, I really haven’t. I mean, I did think about it when I was trying to figure out what to do with this gift. But it was less, in my mind, philanthropy and more, we have this opportunity – what’s the best way of putting something together? But I don’t think I’ve thought about it in the way that you’re linking it.

For those administrators who have thought about philanthropy and its relationship to shared governance, they shared their frustration. One person said,

Oh, yes. I’ve been doing this 26 years, and I’ve seen a lot of this kind of thing, where whether through ignorance about philanthropy or misunderstanding or – it’s difficult. There’s a tremendous tension between a bunch of very highly educated people who, bosses and people sitting on the outside, who have fairly strong perceptions, often, about the college and the university and wanting to get stuff done. We don’t get stuff done in higher ed. We talk a lot about it.

When asked if faculty have input into philanthropic priorities at the college, the responses were mixed. Two members of the faculty leadership group believed they did, but recognized it was probably limited and possibly ineffective. They hoped that input shared through elected committee structures was shared with the development office, but they were not sure it was. Both faculty and administrators mentioned that faculty had input into the strategic plan, but they did not have input into specific details about what is translated into fundraising priorities. Administrators believed that faculty members were adequately involved in the process.
In closing, faculty members believed that faculty goals were taken into consideration when fundraising for the college. “They’re not the only consideration, but they’re taken into consideration,” said a member of the faculty. There was a belief from the faculty members that the administration took their concerns regarding faculty salaries and professional development into consideration when fundraising. “Am I satisfied? No, but I trust in the sincerity of my colleagues in advancement,” said one faculty member. Additionally, members of the administrative leadership team also believed that faculty goals were generally taken into consideration, though with limits. “Always? Probably not,” commented one administrator. Another administrator noted,

I think institutional goals are taken into consideration, which might align with faculty goals and they might not. So, for example, I think faculty might really view – I think this is a fair statement. I think faculty are very sensitive to workload and to faculty resources. And that might be the most important thing for a lot of faculty members. I think the institution cares about that and also sees that there are other many important competing priorities.

GREEN ACRES COLLEGE

Green Acres College is a Midwestern college that was founded more than 150 years ago. It enrolls more than 1,850 students and is almost equally divided between men and women who derive from almost all 50 states. It also has a strong international student population. Green Acres College effectively blends academics, student life, and civic engagement as a premier emphasis on their student experience. Green Acres College is located in city of nearly 35,000 residents. Of significance is that the college
recently completed its largest capital campaign, in which a gift of venture philanthropy was accepted. Green Acres College is a tuition driven institution that has depended on strong fundraising activity to enhance capital projects, endowment, and programs. The college is well respected amongst its peer institutions, regionally, nationally, as a member of the academic peer organization, and within its athletic conference.

Interviews were conducted at Green Acres College over the period of three intensive days on campus. Two key insiders were utilized to help me identify potential interviewees, as well as gain access as needed. I was informed by several key insiders that there was sensitivity from some administrators about issues of shared governance. Therefore, having key influencers endorse the research was helpful in gaining access to the campus community. Nine interviews were conducted with senior officers, senior staff, and current and former faculty leadership. Additionally, one former officer, who is no longer employed with the college, was interviewed because of his role with the specific venture philanthropy at Green Acres College. Important to note, the former administrator was also a member of the board of trustees prior to his tenure of employment at the college.

In total three current officers were interviewed, one former officer, and five faculty members. They were the president, provost, the current and former vice president for advancement, chair of faculty executive committee, and members of the elected faculty leadership group. One member of the faculty leadership group also served as the provost and interim president. Gender distribution was fairly even. One of the officers was female and two of the officers were male. The former administrative officer was male. Of the five faculty leaders interviewed, three were female and two were male.
Access to identified individuals was somewhat challenging, but due to endorsement from key insiders, interviews were scheduled and completed. Interviews were conducted in the office of each individual with the exception of the former officer, with whom the interview was conducted at a local coffee shop.

With the exception of the current president and current vice president of advancement, all individuals interviewed were either in a faculty leadership position or an administrative position in 2006-2007 when the gift of venture philanthropy was accepted at the college. Several attempts were made to reach out to the former president of the college with no success. Each of the interviewees had a distinct role in the shared governance structure, and each person had some understanding of the specific venture philanthropy gift being discussed. Some faculty leaders struggled with specific details of the questions, which will be highlighted in the case study narrative. This was helpful as it allowed me, as the researcher, to have a robust conversation about the topic being researched. Each interviewee was candid and it was not evident that any of the participants were nervous or reluctant to answer any of the questions posed.

Each of the interviewees was given an explanation of the research and it was noted that an HSIRB consent form was not necessary. However, a copy of the prepared consent form was presented to each participant allowing for their review. No participants opted to sign the consent form and all were comfortable with the interview structure and questions.

Additional information was also provided by two of the interviewees. One individual provided valuable documentation about the gift. Furthermore, one interviewee
decided to follow up with me via email with information ascertained from confidential discussions with colleagues about the gift.

**Shared governance at Green Acres College.** Administrative officers and faculty both similarly defined shared governance as “sharing of responsibility and authority for an institution that requires it.” A very eloquent definition of shared governance was given by one administrator. He noted,

> I think shared governance is in some ways unique to the American academy. It’s a recognition that the responsibility for the governance of the institution rests with various parties, or with trustees as fiduciary responsibility for the institution – its mission and its resources. The faculty has responsibility for the education of the students, through the curriculum and through the processes that govern the work of the faculty. The administration has responsibility for overseeing the day-to-day operations of the institution. And then in the places where those responsibilities overlap, it’s shared. So in part, shared governance implies different groups with different areas of responsibility, and in part, it implies in some areas of responsibility that responsibility is shared among all of the groups.

There was a belief among administrators that shared governance was a collective of individuals working together for the betterment of the college. One faculty member commented that shared governance was “where the community understands that we all have a major stake in the outcome of decision making.” Interestingly, two administrators both described shared governance as a “three-legged stool” whereby administrators, board of trustees, and faculty leadership work together. Several faculty members agreed with that same membership structure. As part of that structure, he one faculty member
believed in a collegial working environment. “Ideally they work together and ideally they work towards a common goal.” Shared governance at Green Acres College was described as compromise, solution based, discussion, consensus building, and equal input. Several individuals interviewed also mentioned the importance of student input as a part of shared governance at their college.

Individuals interviewed believed shared governance at Green Acres College exists and is effective, specifically with curriculum, students, and advising. There is also a belief that shared governance specific to budgeting has improved significantly. However, shared governance at the college is not without its challenges. Both faculty and administrators noted certain frustrations. Often a diversity of opinions and priorities creates challenges. Trust was cited as sometimes being an issue by some members of the faculty. “There’s still, I think, a lot of behind-the-scene stuff that people aren’t told. I think that interferes with a sense that people value our opinion,” said one faculty member. Several faculty and administrators also noted the historical stress where leadership from both sides did not get along. One faculty member cited some prior presidents treating the faculty governance committee “more like a labor union.” He noted that many former administrators did this because they often believed the only priority for the faculty was salaries. Salaries are still a priority, as several faculty members noted during the interviews; however, the concern is from the perspective of equality and standing among peers. It is more about status than actual dollars.

Also worth noting was that faculty members acknowledged that shared governance at Green Acres College was often viewed by many members of the academy as “faculty governance.” “I think the faculty would say the faculty need to run things and
the administrators need to do the work to make things happen, but not to run things,” said a faculty leader. Administrators would agree. One administrator agreed by stating that she believed it to be “tilted” towards faculty control, referring to faculty controlling insurance coverage decisions for the entire institution. One faculty member mentioned the transient nature of administrators, pointing out that many stay for no more than four to five years. At Green Acres College, he shared that during the ’40s, ’50s, and ’60s there were several ineffective presidents which led to a faculty assuming a stronger, more assertive leadership role. “So guess what? Strong faculty, smart people, aggressive – they took over, they essentially took over. And we’ve been recovering ever since.” He noted several “flare-ups” of dissention between the faculty and administrators. Referring to the view of the faculty, he shared that the faculty would often say,

“Hey, you guys come and go. We’re here. It’s our lives, it’s our families, it’s our institution. We are the most important part of the institution in terms of retention and getting students here and all that. You administrators just come and go.”

He argued that shared governance at the college “hasn’t worked as well as it might.” He believes the president had a lot of challenges as a result. He said, “I think the officers today would say that this process where ideas float up from both sides and come together at the top doesn’t work well, because there’s not consensus at the lower levels.” Another administrator noted that the particular structure of shared governance at the college “may make strategic decision making more difficult” because of faculty control. There is a feeling among administrators that shared governance, from the faculty perspective, goes beyond a defined role of overseeing the academic needs of the college.
Shared governance is demonstrated through an elected faculty governing committee and regular meetings with administrators. Faculty leadership is provided information on the financial status of the college and is given access to the chair and vice-chair of the board of trustees at every trustee meeting. Each of the individuals interviewed had a good understanding of their role in the shared governance structure. The faculty members, who were former faculty elected leaders, noted their role of advising current leaders and giving historical perspectives on issues and current topics. Two faculty leaders had held administrative roles at the college and noted their administrative perspective influencing their faculty leadership roles. Administrators and faculty both referred to the guidance of the faculty handbook in directing their working structure and defining their decision making model. One administrator said, “Our faculty handbook sets out a stronger role for the faculty here than at most other liberal arts institutions. And we know that on the whole, liberal arts institutions have a stronger role for faculty than other institutions.”

Each interviewee believed they were freely able to impact decision making at the college. Faculty specifically believed their role was to critically assess decisions, becoming informed, brainstorming, dialoguing, and using data to drive decision making. “Data. Gather data. Know your facts. Know the situation. And then, try and change or move people’s ideas about things by sharing them,” said one faculty member. Faculty members believed that with their input, decisions were better informed. “I think I’ve been able to – individually and working with the committee – maybe make some, come to some decisions that are better for the institution, better for the employees of the institution, than what might have come out straight from the administration,” said one
faculty member. Another commented that at times being in a faculty leadership role can put decision making at odds with personal opinions. She said,

I tried to become as cognizant as I can about the issues involved, then contribute opinions, support other people’s opinion so then consensus becomes a possibility and a probability and try to – for me, it’s always about what’s best for the university and it’s not necessarily what’s best for me personally. Sometimes those are at odds. But what’s important is what’s best for the continuation of the university and the community.

Interestingly, none of the faculty referred to working with administrators, and none of the administrators referred to working with the faculty in discussions about how their roles impact decision making.

Transparency was highlighted as making the role of the faculty stronger. One faculty member acknowledged trust as a key to strong decision making within the shared governance structure. “I think trust is important. At times in this university, trust was not a thing that people felt existed,” she said. She expressed that the current president has worked hard “to ensure that that trust exists.”

Several faculty members noted that their leadership roles could be strengthened if more faculty members were involved in the process of shared governance. A lack of faculty involvement leads to many decisions being influenced only by a select few. One faculty member shared,

A friend of mine did the research on getting rid of bystander apathy, having more people speak up, having more people involved in more public debates. We have a big silent majority here that support things, but allow a very small minority to be
vocal and to over-influence decision making. We used to say here a gang of six could stop anything. I’m not sure that’s true anymore, but they certainly have a greater influence than their numbers would suggest.

Administrators believed their role within the decision making process of the shared governance structure was either adequate or needed to focus on strengthening relationships and trust. One member of the administration believed in strengthening the balance and roles of the shared governance structure. He said, I suppose that any of the three legs of the stool of shared governance could argue that it could have a stronger role if some of the things that are assigned to one of the other legs of the stool were to move to it. The faculty would argue that they could have a stronger role in shared governance if they had more responsibility in this area or that area. I could argue that as well. That’s not a productive argument because the roles are pretty well defined. I’d rather focus my energy not on changing the lines of the boxes that define responsibilities, but on inspiring all of us to do better with the responsibilities we have.

However, a former administrator, who also was a former member of the board of trustees, commented on his time at Green Acres College when the specific venture philanthropy gift was accepted. He said, I came out of the corporate side, where I was king. I was the president, I ran my own company. We just did things, so my perspective is limited in that I don’t think I needed any more authority or any changes in the way things happen. We just did things.
He talked about his time at the college by stating that the administrators sometimes did not follow a model of shared governance because the college was in administrative turmoil. He talked about his partnership with the interim president, who was a tenured faculty member at Green Acres College, and fully embraced a shared governance model. However, shared governance sometimes became faculty governance from his perspective. “So we kind of rolled over, to tell you the truth, we kind of rolled over on some things that we wouldn’t normally have done under the structure that it is today,” he said.

**Philanthropic decision making at Green Acres College.** While both faculty members and administrators noted improvements in shared governance in recent years, discussions around philanthropy at the college garnered several perspectives from both faculty and administrators. In fact, one faculty leader was unable to even respond to the questions because she felt she had no idea how discussions about philanthropy took place or how decisions were made. One faculty leader stated, “Some of them have been very secretive, behind closed doors. Some have been more open. Some have been, “Here, this is what we’re doing.” Furthermore, another faculty member said, “…there have been times when money was raised with a disconnect because there had been no discussion. I know of situations where departments have said, “You raised money for what? And we’re obligated now for what?”

There is a solid ethos that fundraising is necessary and a priority at the institution, but there is also a belief from many of the faculty members that administrators and members of the board of trustees determine the priorities. How have faculty members been involved in discussion about philanthropy? “Very little,” said one faculty member. Another shared
that the president is the one controlling that conversation. And, one faculty member shared, “First of all I would say there have not traditionally been a lot of discussions on that front, at least when I was involved with the governance committee. The discussions that happen typically happen around campaigns and campaign goals.” Green Acres College was amidst a capital campaign in 2006-07 when the venture philanthropy gift was accepted.

During one of the face-to-face interviews, an administrator shared a number of written materials relating to the gift. One of those documents was an email, dated March 22, 2007, from a faculty-appointed administrator to a senior administrator following a campaign presentation at a chairs meeting. The email began by stating,

It was certainly an interesting presentation that you made at the chairs meeting. Lots of questions, comments, etc. This is usually a pretty quiet group so you definitely piqued their interest. I had several chairs comment that this was a particularly useful meeting for them.

The email further detailed comments and concerns generated by the presentation. It was acknowledged that the faculty appreciated the administration’s willingness to discuss the campaign initiative and answer questions, even if the answers were not what the faculty wanted to hear. A key statement in the email was, “It is important to continually emphasize the fund raising efforts will in your words ‘be a continual dialogue with the faculty.’ I think people are still looking for a list of what we are raising funds for.” To this point, the email continued to emphasize the importance of collegiality by stating, “Perhaps the reason people want to see the specifics of what we might raise funds for is because they are concerned they will not have any additional
input after the strategic plan is released.” The email also cautioned the administrators from stating, “We’re not policy makers. We are doers.” The email shared that this statement from the administrators raised some faculty chairs’ eyebrows and he noticed several glances exchanged. The administrator said, “I am afraid some people took that to mean that faculty make policies, but don’t actually do anything.”

One faculty member noted that most reporting on the campaign came from the president and vice president for advancement at faculty meetings. She said,

The president always reports on what the current goal is and what the numbers are, this and that. What hurt that office was when the vice president for advancement said, “These are the next goals for the next campaign,” and faculty salaries were not in that list. So everybody turned a deaf ear.

Recognizing that the upcoming capital campaign will drive fundraising initiatives for the college for the next several years, planning for the campaign is key. The campaign planning committee does include the chair of the university governance committee, but is primarily composed of administrators and trustees. When asked about the faculty role in setting fundraising priorities, there were conflicting responses from the president and vice president of advancement. One said,

We will have a number of sessions with faculty and staff this fall soliciting input on the philanthropic priorities for the campaign. We had some lunches with small groups of faculty in May and June to the same end. So there’s a significant amount of campus engagement in the development of philanthropic objectives.

However, the other noted the lack of faculty engagement. He stated,
The most important discussions, I think, are about identifying what the fundraising priorities are. And that’s the discussion that’s happening now with the planning for the campaign. But outside of that, there really is not a lot of discussion with faculty. There’s a lot of discussion with the board and with trustees about setting our fundraising agenda, but not with the faculty.

A lack of inclusion of faculty does create stress within the institution. One faculty member said,

When the goals are so diverse and then you have the university advancement group that is fundraising, what I think breaks down is when the goals of the university advancement are not aligned with what the faculty feel the goal should be.

Some faculty interviewees ascertained their involvement with strategic planning was perhaps the administrators’ attempt to have faculty be involved in philanthropic discussions. According to one faculty member, the Higher Learning Commission cited Green Acres College for not doing any strategic planning for years. “There’s a discussion that says, well, if we’re going to go this way, are we going to have the funds? So there’s that kind of discussion that involves philanthropy that says this will be part of the fundraising,” she said.

One faculty leader is hopeful that faculty involvement would improve in the upcoming campaign. However, he did recognize that faculty only have input. He acknowledged that administrators and members of the board of trustees would set the priorities for the next campaign. Another faculty member also hoped that they would be involved in the future. “This time around, from everything I’m hearing, the university
governance committee will be involved in that discussion,” she said. However, she believed the real decision making would come from the board of trustees. This would be consistent with the last campaign, according to one previous administrator interviewed. The board approved the priorities and goal, and the faculty members were not involved.

It is important to the research to note, the last capital campaign at Green Acres College was “kind of like lobbing a bomb over the wall,” said one administrator. No consensus was built around the last capital campaign, and as such, a board member became the vice president of advancement and was charged to lead the effort and build support both internally and externally. “I would say we were at the low ebb in terms of faculty-administration cooperation,” he said. “So, I quickly realized I need to see if I could go back and re-establish some communication with faculty.” Faculty leaders agreed. One member of the faculty noted, they asked for lots of help identifying people and making connections, but then “I’d never hear another thing.”

Understanding institutional mission and vision at Green Acres College.

Understanding of institutional mission at the college was fairly consistent between faculty members and administrators. Comments noted were, “residential liberal arts,” “to educate students,” “to support faculty research,” and “importance of service.” Other notable comments centered on accessibility, diversity, leadership, global society, and immediate impact. It was also noted by one faculty leader and one administrator that from their perspective, there was a community obligation affiliated with the mission of the college. Only one member of the faculty could cite the college goals, and she seemed to be somewhat unsure. She said,
There are three goals. Let’s see what they are. To create students who are sensitive and aware of the whole global community and able to function in that. I think there’s a reading and writing – communicate quantitatively as well as reading and writing, all that sort of thing. Service is the third one, I think.

Interviewees were asked if they thought that members of the college community believed in the same mission and goals of the college. Administrators believed that some individual citations of the mission and goals would vary, but would ultimately mean the same thing. It was also acknowledged that sometimes people may get mixed up in citing the mission and goals. All of the faculty members said, “yes,” with the exception of one. He did not believe that everyone would agree with his broad, inclusive view of the mission at the college. He said,

I think, and maybe I don’t want to make myself a saint. Maybe I, at times, have blinders. I focus just on what my personal needs are. So we have a lot of individuals in different positions here, like you would have anywhere, that are focused on themselves, that are driven more by how this is going to impact them rather than impact the more total community. And we should all, I mean, our focus always has to be on the student.

Each interviewee was also asked to define the vision of the college. One administrator directly responded by stating, “…the vision of the college right now is the vision of our president.” He also credited the president’s vision with the appropriate level of influence from alumni, major donors, and faculty. Faculty members also cited the president with setting the vision and articulating that to the internal and external communities.
From one administrator’s perspective, the president’s vision is shared among the campus community. Five years ago when the current president arrived, that was not the case. In reference to the president, a former administrator said,

He sets the pace and he sets the vision. It’s the same vision he came in with five years ago, which is also good, and it’s taken a long time for people to buy into it. Our faculty would debate that, and trustees would debate it, too – you know, we’re needy institutions. We don’t have the resources. Nobody has the resources.

This is important as the institution has been challenged with stressed relationships between faculty members, administrators, and members of the board of trustees.

However, a couple of faculty members do not necessarily agree that the vision should be just that of the president. One of these faculty members stated, “I think faculty would continue to desire to be engaged in that, respected for that, and respected for their opinions, not considered just ‘the workers.’” Additionally, another faculty member said,

I think we would like to be valued more. I think we always view yourself as undervalued. So I think there’s this vision that says we’d like people to understand how good a job we do and we haven’t yet quite figured out how to do that.

She further elaborated,

But I think we are effective beyond what people recognize us to be. And so part of the vision is to make sure that people understand just how much quality there is. And then to be able to attract more students who can take advantage of that.

One administrator responded by asking, “Is there any difference between what I say the desired mission is and our vision?” A lack of thought or an inability to
articulate the vision of the college was also evident in faculty responses. In fact, several faculty members did not know what the vision was.

**Final thoughts on shared governance.** Each interviewee was asked, “What else should I know about shared governance at your institution?” Each of the administrators interviewed chose not to answer the final, open-ended question. However, several faculty members felt inclined to share additional information. Some faculty felt that the high sensitivity of collegial shared governance has minimized institutional effectiveness of decision making. One faculty member stated,

> Sometimes we spend an awful time on it and we may spend too much time. We have to know when we need to pull back because we have a tendency to spend a lot of time on it. If you get buy-in on the front end, you save yourself time in the long run and you’re more effective. And so it can be effective in that regard, and I think that’s the end of that question.

However another faculty leader believed that collective and open dialogue is necessary to create consensus and buy-in. He shared,

> It certainly doesn’t create the quickest of decision-making. But I think, and I said this to a trustee once, a businessperson who was very frustrated that he believed that we ought to implement something. We ought to implement it today. Actually, he believed that we ought to implement it yesterday. I said, well, it takes time to bring people aboard. And he just said, “Do it. You don’t need time. In my job, I just dictate it.” Well, in this environment, to get things done, you need cooperation. My faculty contract, maybe not quite my administrative contract, but my faculty contract is wide open. I just need to teach my classes.
I’m tenured. If you want me to participate in accomplishing the goals of the institution, you need to convince me of their value to get me aboard.

Bottom line, shared governance at Green Acres College has changed over time. “I think that it has changed over time. And I think that some would make the argument that at present, there is talk among both faculty and administrators of the importance of shared governance,” said one faculty member. However, there is some work yet to be done. He further shared,

But in some respects, the administration will come to the committees with fiats accompli, things that are already done. And then try to solicit input after they’re done. There are also some faculty who see university service as being onerous. They’re often the ones who won’t participate. They will go to faculty meetings, sit there quietly, or not willing to participate in the committee structure, or complain about, if they are elected to a committee, complain about how much time it takes and, I think, would be just as happy if the administration made even more decisions.

And finally, one faculty member passionately shared a comment from a faculty colleague. He paraphrased his thoughts and stated,

You’re not messing with my job. You’re messing with my life. This is my life.

Now, I have a family. Don’t misunderstand me, but this is where I put most of my energy. And I’m totally vested with it. That’s what you want faculty to be. That’s what you want everyone in the community to be, including prospective donors. You want them to see themselves as part of the life of the institution.

He closed his comments to me by sharing,
So, it’s a matter of having an environment where you ask people to do things well beyond their job responsibilities. Shared governance is beyond the job responsibility of a faculty member to teach three courses per semester, period. Some might argue that’s all they can do. But we expect a lot more. There’s scholarship, but we also expect them to be involved in the life of the college. We expect them to be involved in the life of our students, go to sporting events, things of that sort. How do you get faculty to do that? How do you motivate them? By having a part of shared governance. I think that’s the value, personally, of shared governance, not just the long term but the involvement of people.

The former vice president of advancement approached the board of trustees with his perceived challenged. He charged the board with raising added resources to grow encourage the staff to support the campaign that was approved. In a matter of weeks, more than $2.5 million in cash was raised to support this function.

**The gift of venture philanthropy.** Green Acres College accepted a multi-million dollar gift in 2006-2007 from a member of the board of trustees. This gift would change operations at the college and would be the first gift of its kind to come with specific benchmarks. In order to maintain confidentiality, the donors will be referred to as Mr. and Mrs. Jones. Mrs. Jones was the former board chair and Mr. Jones was a current member of the board. The original conversation about the gift started with Mr. and Mrs. Jones, the vice president of advancement, and the president of the college. The gift was accepted at the college to support the operations of the advancement office; specifically to add new fundraising positions at the college for planned giving officers. And, yes, specific benchmarks were set by the donor to evaluate success.
Characterizing the donor. The donors were described as “caring,” “wealthy,” “investors,” “savvy,” and also, “republican.” They were very dedicated to the institution and cared very much for the future. The believed the college changed their lives and, as such, changed the lives of others. One administrator noted, “They know what they want.” Additionally, they were very concerned about fundraising at the college. As trustees, they were intimately connected with the college and worried about the future financial viability of the school, wherein much of the fundraising was reactive and not addressing the long term needs of the institution. They wanted to see an impact beyond their own philanthropy. One administrator said, “They are always looking for an opportunity to leverage their resources for a maximum impact. They’re creative, entrepreneurial, visionary, generous, grounded. They are just very good people.”

Several faculty members knew of Mr. and Mrs. Jones, but did not know them well enough to feel able to describe their characteristics. However, it was noted by a faculty member, who was also a former administrator, that Mr. and Mrs. Jones were very concerned about the future giving to the college when they were no longer here. “How do you keep the momentum going?” he said. While Mrs. Jones was very caring and concerned, Mr. Jones was a “very pragmatic businessperson and wants to parlay his investment.” Another member of the faculty said the donors are willing to support the college, but also “have their own ideas” about what they want to support and what they want it to accomplish. Said another faculty member,

I think, because I know a number of things they’ve done, I think they’re extremely thoughtful about trying to figure out what can we do that both meets a current need and also is going to be best for the institution in the broad run.
Mrs. Jones was described as more traditional and conventional in her thought pattern. “She’s been active in their business, but more active in their philanthropy.” Mr. Jones was described as “very creative” and “very talented.” The former vice president of advancement noted that it was very interesting dealing with Mr. Jones “because he is the entrepreneur, he is the entrepreneurial planner, he believes that. He is challenging in that he wanted to be very directive in terms of how his gift would be implemented.” He further said,

Manipulative is a little too strong of a word, but he wanted to be directive in terms of how this gift got implemented, even down to the details of how much we pay people and all that sort of thing. Specifically, he wanted us to build incentives into the fundraisers’ compensation. He wanted at least 10% of all of their money that would go toward salary to go toward incentives, and we had trouble with that. In the environment that we work in, technically you don’t pay bonuses. Well, you pay bonuses, but you don’t pay incentives based on getting gifts. Of course he, coming out of the private sector, wanted to see that because that’s what he’s used to. And I’m used to it, too, so we had great conversations about, I wish we could do that, but right now institutional limitations and the CASE requirements, in terms of – you don’t just give somebody a $5,000 bonus when they go out and get a million-dollar gift. Maybe we should, but we don’t do that right now.

While their love for their alma mater was strong, it was clear that Mr. and Mrs. Jones were very clear that they wanted their gift to leverage impact and produce results.

**Playing into the ecosystem.** The investment from Mr. and Mrs. Jones was an interesting gift for the college. Not only because of the type of gift it was and the area of
support it funded; but also because it came at an interesting time in the life of the college; the current campaign was struggling. The board had increased resources to the advancement division, but that was not good enough for Mr. and Mrs. Jones. They went beyond the board’s commitment and personally funded an increase to the operational funding for the advancement division to hire additional positions at the college. One administrator noted,

So it played into the momentum that we had established through the board and through the institution because we were obviously celebrating all these things at the same time. I was trying to attend these meetings with faculty and was talking with staff about, “Okay, got to take a deep breath, but we’re ready to go here.” Knowing that we weren’t really ready to go, but that we were getting some resources. What really, I think, made a difference at that point was the cynicism, sometimes, of some of our faculty friends – it went away for a while. The board’s thinking about this, the board wants to do it, they’re putting their money behind it, and they’re doing it very visibly. We were very visible about the whole thing. So it fit perfectly.

One administrator admitted that he questions whether or not the gift plays into the ecosystem at all. Additionally, faculty members were not so confident in the gift playing into the ecosystem of the college. It was noted that most faculty members would probably not even know about the gift. But for those who were aware, there was some concern. One faculty member said, “I’m recalling that people were just still a little taken aback and saying, ‘Let’s use our resources in ways that are more directly related to the
However, one faculty member believed it was strategically helpful to grow philanthropy at the institution. He said,

In the long run, enhancing planned giving will benefit the institution because you’re largely talking about either systematic gifts over a period of time or estate gifts, many of which end up going into things like the endowment or for specific areas in the institution which will help to make it stronger. In case of either going directly into the endowment or endowing specific areas that might then result in some budget relief elsewhere, enhance the financial stability of the institution.

And we have a long history of financial instability.

**Connecting the gift to the mission and vision.** There were mixed beliefs between the faculty members and administrators about the gift aligning with the mission of the institution. Faculty members questioned its focus on immediate, or even long term impact to students and faculty. They acknowledged that supporting fundraising was important, but also highlighted the immediate needs of the institution that were not always funded. While several administrators believed the fundraising work would grow the endowment and support the future of the college, they did acknowledge that their views were probably not shared. One administrator initially said the gift did not play into the mission or vision. However, she said,

They’re probably the same as I think about it, because their gift was intended to help us grow the estate gifts for [Green Acres College] for any purpose. So if you take that to the extreme, then that means it would support both the vision and the mission as long as we’re getting gifts to do that.
That sentiment was supported by another administrator. It was recognized that if adding fundraisers can allow the college to raise more money for projects and programs, it would definitely be aligned with the mission.

Additionally, there was a mixed reaction to the gift connecting to the vision of the college. Long term sustainability was questioned, as was the focus of the added staff members and where they would direct their fundraising efforts. While faculty members were either unsure or ambivalent about the gift’s connection to the vision of the college, two members of the faculty noted if we can add more resources for students, it is a good thing. Administrators believed the gift fully aligned with the vision of the institution. One administrator compared Green Acres College to other liberal arts colleges that had invested in their fundraising efforts decades ago. He said, “If we are going to compete against these schools, we had to take a longer-term perspective.”

**The process for accepting the gift.** Faculty members did not know who had the idea for the gift, but administrators clearly knew who started the conversation. The idea germinated with the donors and was discussed with the president and vice president of university advancement. One administrator said,

So they actually approached the institution with the idea of a gift to fund, to really build up in a robust way the planned giving efforts of the institution. They wanted a number of staff to be hired. They wanted staff to be well paid. They wanted the university to be able to recruit very fine people. They wanted resources to support that work, and they felt that if their initiative was successful, it would sustain itself because of the benefit that would accrue through significant increases in estate giving and planned giving.
He further noted,

They said, “You gotta do something about your gift planning operation.” We put a proposal in front of them and they said, “That’s not enough.” We put about a $2 million proposal in front of them and they said, “That’s not enough; you’ve got to go far beyond that.”

The process for accepting the gift was complex and involved administrators and a team of legal analysts. There were significant discussions and negotiations about the gift. One administrator said, “To the extent that when the first proposal was returned and the donors said, ‘You need to think more largely, you need to be more aspirational,’ that’s a negotiation of sorts.”

As noted earlier, during one of the face-to-face interviews, an administrator shared a number of written materials relating to the gift. A copy of a “Resolution of the Board of Trustees’ Executive Committee” was provided and reviewed. The resolution stated that Mr. and Mrs. Jones began funding the initiative in October 2006. That initial funding was to provide office space improvement meant to house additional university relations staff. Conversations ensued with Mr. and Mrs. Jones over the next few months and a written presentation was then shared with the board on February 21, 2007. As noted earlier, Mr. and Mrs. Jones were both actively involved with the board of trustees. The presentation to the board in February 2007 detailed the rationale, goals, and details of the investment into the program. The presentation was influenced significantly by the donors. One administrator stated,

And that is, as I understand it, they wanted a plan presented of what it would take to significantly grow our planned giving operation. And the first plan that was
presented to them, they found, they didn’t think it was ambitious enough. I don’t think that’s typical. It’s not often that we would go to a donor and they would say, “Come back with a bigger, more expensive plan.”

A further detailed written proposal was shared with the board on March 7, 2007 which provided a situational analysis of the planned giving program at Green Acres College and outlined the importance of investing in the program. The proposal also projected anticipated results in both qualitative and quantitative detail. A timeline was presented and it projected a fairly aggressive increase in infrastructure over the next 18 months. In response to comments from administrators involved with closing the gift, the proposal reviewed the “cost benefits analysis” of the investment. The proposal anticipated doubling planned giving society membership from 350 members by the end of fiscal year 2007 to 657 members by the end of fiscal year 2011. The document also noted that the college can produce new gifts in excess of $40 million and new expectancies of $30 million. It stated that the past five years garnered only about $20 million in new gifts and 83 new planned giving society members.

When asked about the process, faculty members did not have any knowledge of participants in the process, negotiations, or the intentions of the gift until after it was finished. One faculty member commented on the process. She said, “What happens between university advancement and the president’s office is not public knowledge with university governance. He will say it is. It is not.” Faculty members recognized there is a level of involvement that seems prudent and believed that the faculty governance committee should have been consulted. A faculty member said,
The only way they would have been consulted would have been through the governance committee because it would not be – and I don’t think it’s really appropriate – you don’t ask the faculty as a whole about gifts you’re going to receive. You don’t say to the faculty, “Do you think we should take a gift like this?” But you might ask the governance committee their thoughts about it, not that you ask their permission. And you might seek their guidance as to whether it should be announced.

Participants involved in closing the gift were the donors, Mr. and Mrs. Jones, and the vice president of advancement. The president at the time did have some interaction, but this was limited as he departed the college during negotiations. The gift closed rather quickly and was finalized over a period of a few months. One administrator said, “They are people who move quickly.” The process for closing the gift was not typical for Green Acres College.

**Managing the gift.** Each interviewee was asked how the gift was being monitored and measured. Faculty members interviewed did not have any knowledge of the monitoring or measurement of the gift. As such, no faculty were able to provide any data on the management of the gift. It became evident at this point that some faculty members were becoming frustrated with some of the interview questions since they did not have information to share.

The administration believed the gift was being managed appropriately and the stipulations set forth by the donors were being followed. However, very few specific details were shared about the monitoring or measurement mechanisms in place. Several administrators did share that the start-up was slower than expected. It was shared that the
donors had clear expectations of how the gift was to be managed and reported. An administrator stated,

There was a very clear reporting mechanism where the donors expected, and I participated in delivering an annual report, both on how the money has been invested and the returns that were coming, measured in terms of increases in documented planned gifts.

Even though the gift has been fully paid, there is great interest from both parties that the gift be continually stewarded. In fact, there are a number of other initiatives that they have funded that were the results of their ideas. The administrator further shared,

I would say that these donors have a high level of interest. But it’s in a way that is not intrusive. And sometimes you have a high interest and it feels intrusive. And we actually had a meeting with them last week about some of the other gifts they’ve made. They’re very inquisitive and they want to – they’re curious. They want to know the impact. But it’s not in an intrusive kind of way.

Another shared document noted that Mr. and Mrs. Jones and the college would be monitoring the gift. It stated, “Periodic and comprehensive reviews of the program effectiveness will be performed to maximize the return on this transforming investment.”

**Assessing the response from internal and external communities.** With regard to the announcement of the gift, many faculty members did not know about it. A faculty member said, “It might have, but to tell you the truth, I didn’t know about it.” She further noted that in her faculty leadership role that she would have known about it if it had been announced. She said, “I’m really surprised to hear about that, to tell you the truth, that there’s a gift made to hire people specifically for planned giving. And that’s the first I’ve
learned about it.” Another faculty member recognized the ongoing philanthropy of Mr. and Mrs. Jones, but said that people would not know about this specific gift. I asked him why people would not know about it. He said,

Here there’s an interesting dynamic being played between the faculty who believe they own and run the institution, and the administration and the board of trustees, who all might have similar kinds of concepts. But the faculty here have been very concerned about the growth of the administration and we’ve gone through some permutations of that. And presidents, provosts and the like of administration have been very careful about not advertising that they’re expanding anything having to do with the administration.

He further stated,

We weren’t announcing many gifts. And we should be. We should be flaunting those gifts and say, “Look what we got.” And we’ve had administrations who have been very, for whatever reason, very reluctant. The year that I did my thing, every major gift came in went right to the – well, thanking the person, obviously, to the board and to the faculty saying, “Look what just happened.” Not that I want to take credit for it because it was not just me. But just to let the community know. We weren’t doing that, and I’m not sure exactly why. But this one, in particular, I think the administration was concerned about the perceived size of university relations.

He finished his comments by stating, “I’m at a loss to tell you about the internal response.” An administrator acknowledged that the gift was purposefully not announced. Therefore, most people did not know about it. However, for those who were aware of the
gift, he shared that many were at odds with the initiative. Faculty members saw it as growing the administration and not supporting the faculty.

As for the external response, much is unknown. While faculty could not assess the external community response, there was a belief that the board’s response was extremely favorable. A faculty member said, “The board was excited about it. Again, I’m not sure people fully understood it. I’m not sure today that they fully understand it. And that’s my biggest disappointment.” The administrators noted that there was not a culture of announcing gifts like this. One administrator shared, “I don’t know, never heard. I doubt it, to be honest with you, because it seems like a strange thing to announce.”

**Motivation for the gift.** Members of the administrative and faculty leadership were asked what the motivation was behind the gift. Mr. and Mrs. Jones believed there was untapped potential in acquiring additional donors to the school. One senior administrator believed the donors wanted the college to thrive and pay attention to an area that had not been a priority to the institution previously. Another administrator noted,

First of all, they’re huge commitment models. They’ll ultimately be $20 million donors; they may be bigger than that. I don’t know what their estate, they’ve never revealed what their estate commitment is. I suspect it’s pretty big. They love the school. They love to give. They enjoy giving.

He continued that Mr. and Mrs. Jones had a view they could “change things” by transforming the endowment.
We could change the way the institution – could have an impact on endowment. And our endowment is, I think, abnormally low for an institution of our size, where we’re ranked and all that sort of thing. That they could have an impact on endowment.

Faculty members speculated about the donors’ motivation. One member of the faculty noted that it was

…to assure a future for the institution beyond their lives, and a need of theirs to make a difference for the institution, to seem like a reasonable position to take a small operation and expand it into one that could make a difference in the college.

Additionally, a member of the faculty noted, “I would say, most philanthropy gifts are from people who are relatively, politically – they’re a business. They’re probably politically conservative. They have some particular ideas.” Finally, one member of the faculty who knew Mr. and Mrs. Jones well shared that they probably said, “This is what I want to do.”

**Aligning the gift with the mission and vision.** Even though many faculty members were not aware of the gift specifics, there is a general belief that if the gift can help raise additional monies for the college, it must be a good thing. Administrators would agree. However, one member of the faculty shared,

It depends what they do with that. So if it’s money for money’s sake, I don’t know what they’re supposed to do with it. Every couple of years there seems to be a new strategic plan and every couple of years, there seems to be a new marketing campaign. And so the goal seems to change.
**Short term vs. long term impacts.** The gift’s short term and long term impacts to the institution was something that many individuals interviewed had not originally considered. Two of the administrators interviewed did not know what the impacts might be. One shared,

Well, the short-term impact was suddenly there was a base of resources that allowed us to quickly invest and to begin to see fairly quickly a return on the investment. The long term is that it moved us to a much stronger and more robust planned giving effort within the development office.

However some administrators shared budget concerns. One noted,

There was another long term implication that hit after I arrived. That is when the funding ran out. We suddenly had new fixed costs in the budget. In order to fund those, we did not have funds for some other things. I don’t know that everybody connected the dots from A to B to C to D. That did create some difficulty for us.

An administrator connected closely to the advancement function said, “So would I have given that gift back or not accepted it? No way. It’s been tremendous. But I think I would have thought much more carefully about what are the long term implications.”

Additionally, faculty members could not address what they, as members of the faculty, believed the short term and long term impacts to be to the college. So, many of them speculated. One faculty member said, “I couldn’t tell you what we’ve gotten in the way of bequests and planned gifts and so on and so forth. So I don’t know. I just am ignorant on it.” While most faculty members could not specifically point to any direct impacts, there is a hope that it would generate a significant impact. A faculty member noted,
Well, I would hope that it would increase the ability of university relations to raise significant monies and raise significant monies from more diverse sources. For example, in our department, I think just in the last few years we’ve had more specific gifts targeted to our department. There must be someone who is – see, I’m not directly involved because I’m not the chair anymore – but there must be someone who is really working on that kind of thing.

No reports on the gift or any increase to giving to the college had been reported to the faculty. Additionally, a senior faculty member identified his concerns that the faculty did not know the gift was cash for operating expenses and that it would eventually run out. As a former administrator, he was particularly close to the negotiations of the gift. He said,

I don’t know whether the money’s run out at this point or not. Actually, from a budget standpoint, it has run out, but I don’t know whether the cash has actually run out. We were supposed to absorb it into our budget. That, I know the community does not know. So whatever the community knows about the gift, I don’t believe – maybe members of the governance committee are aware that these initiatives ultimately need to be paid out of the normal operating budget. They weren’t endowed for themselves.

This would definitely create some problems if this was widely known. One faculty member concluded,

If the staff that was hired is currently being paid out of the proceeds of that gift, I don’t have a problem with it. If the university is incurring the expense and it’s for future planned giving, I have problem with it.
Thinking about the gift retrospectively. Members of the college were asked if they would do anything differently with the gift. An administrator commented that there was not a lot of transparency, and as such, he believed many faculty members are still skeptical about fundraising at the college. He believed there was not a lot of thought put into what would happen when the money ran out. Another administrator said,

I think it’s very important for any institution that is looking at accepting a gift like that, and obviously, we were going to accept the gift because it was all the right things. But I think – it’s a bit of a nuance – I think you have to condition the institution that before accepting a gift like that you’ve got to be ready for it. You’ve got to be ready at the board level, you’ve got to be ready at the administrative level, and you’ve got to have a president that supports it. And implement it.

A member of the faculty shared that he would implement the gift more quickly. He also stated, “Would I have informed the faculty? Absolutely!” However, he noted that it was because the community is not very collaborative or collegial. He stated,

I don’t think this community is that aware of what others in the community do. And I would say that that’s not just pointed towards fundraising. It’s also, what are the restrictions in the business office? What are the challenges in student affairs? The institution is very, very, very segmented.

He further elaborated,

I think on a gift like this, especially because of some of the strings associated with it in terms of staffing and in terms of ultimately absorbing the cost, I think I’d be a
little bit more cautious than maybe in a gift for a building, even though it might literally be the same thing.

As a follow up to the interview, the same faculty member emailed me about a conversation he had with five faculty members in his department. He shared that no one was aware of the gift from Mr. and Mrs. Jones.

**Final thoughts on philanthropy, venture philanthropy, and shared governance.** Each person interviewed at the college was asked if they had heard of venture philanthropy and was asked to define it. None of the faculty interviewed had heard of venture philanthropy before. Administrators were split with their responses. Two had heard of it before, whereas two had not.

As a follow up, each person was asked to how they would define venture philanthropy. Some responses were, “investing money in hopes of raising philanthropy,” “venture capital,” “donors inserting themselves and wanting to see things happen,” and as “an investment.” One faculty member said,

> I guess I would say, especially given the context of the whole conversation, it strikes me as a philanthropic investment to try to move something forward, whether it’s a program, whatever it is. I would view it as an investment in an idea that they wanted.

Administrators noted that many donors want an immediate response to their giving and want to see impact. “They are not interested in giving out of a sense of loyalty or duty,” said one administrator. Another administrator said,

> I’m an entrepreneur and have seen the benefit of venture capital investment, and also am a venture capital investor myself, so I define it more in business terms. I
think clearly it’s an investment, in my opinion, a long term investment. I think venture investment – the concept got kind of cloudy during the tech era where people could invest $1 million and make $20 million in 2 months. You invest a million dollars in a tech company and they go public and you suddenly – it became very short term oriented. To me, it’s an investment in the long term of an institution, but it has to get a return. You’re measured by the returns. You’re not measured by the investment; you’re measured by the returns. And that’s a little different, I think, from a nonprofit standpoint.

Each interviewee was also asked how they see the relationship between venture philanthropy and shared governance. Administrators shared a potentially very positive working relationship. One administrator noted,

It depends on what the venture philanthropy is trying to accomplish, I guess I would say. So if a donor is interested in making a gift to have some impact that’s consistent with the university’s mission and values and stated priorities, then it’s a nonissue. If a donor is interested in doing something that’s outside of that, then it depends on what – if it’s something related to the academic program, then it needs the provost’s and the faculty’s involvement. If it’s something related to student life or residential life, then it needs student affairs involvement. So I guess as long as it’s for a stated university priority, I don’t see any need for it to go through some new process. But if it’s outside of that, then it would.

Another administrator said,

Ideally, you have mechanisms to engage all of the appropriate bodies in a discussion about philanthropy. I think at the end of the day, when philanthropy
meets the stated objectives of the institution, conserves the vision and mission of
the institution, you don’t need 12 committees signing off on it. But if philanthropy
is going to significantly lead to something that is significantly new and doesn’t look
quite like the historic mission, you’d better have some conversation to ensure that
people understand how this fits and aligns with the institutional mission.

Faculty members were mixed in their views about the working
relationship of venture philanthropy and shared governance. While many understood
why donors would want their philanthropy grounded in accountability and have
demonstrated impact, it was adverse to their belief in shared governance. One faculty
member said,

I’m not sure aligning is the right word. I would say that to me, that sounds very
intriguing and is exactly – going back to one of your original questions, I think the
faculty think the donor should just give money and they should have no say in
what the money goes to. Because they should give the money to us and we should
be able to decide how we want to use it. And I would say that donors tend to be
from a perspective that “it’s my money and I have ideas, and I would like to see
my money used for those ideas.” To me, I think there’s a lot of validity to that
perspective. How it fits into shared governance, you’ve got a specific idea, and
knowing a lot of trustees, they’re not interested in talking it out and blah, blah,
blah, you know all the stuff that we do as faculty.

She believed the two practices could potentially be at odds. Another faculty member
shared that same concern. He stated,
It would be nice if there were some discussions amongst parties on campus of what might be best things for the institution. But when we’re dealing with venture philanthropy, that might or might not be possible. The donor might not be interested in that, which could then lead to some consternation on campus in terms of donor-driven curriculum, donor-driven academics, rather than supporting what is seen as the needs of the institution.

Most administrators and faculty had not thought about the relationship between philanthropy and shared governance on their campus. The question asked was, “Have you ever thought about the linkage between philanthropy and shared governance?”

Almost all of the faculty members responded with “no” or “not until you asked the question. No, I really hadn’t.” One faculty member said, Except for a handful of faculty, I think they see that as someone else’s role and not theirs. And it’s surprising. In some ways, I would say certainly in my earlier years here, we were slapped for doing so. That is to say, “Don’t go out to alums. Don’t communicate with alums because you may screw up a potential donor.”

For the one faculty member who had thought about the linkage between philanthropy and shared governance, she noted her concern. She said, “Yes. I’ve been concerned that the whole shared governance piece might prevent some of that philanthropy from happening.” One administrator responded, “Yeah, I think about it a lot, that context. I think about it very independent of one another.” He further stated, “I’ve thought about it in sort of a negative way, because my experience has been shared governance has not been a perfect model.” He further concluded, “Oh, I think about it a lot, but I’m not sure it’s a positive.” He continued,
Your goals and objectives have to be in alignment. And I’m not sure our model, the way we operated – I shouldn’t say the model, it’s the way we implement shared governance – governance always produces a linkage and the interests being in alignment. Alignment is so important. Through alignment comes understanding, through alignment comes cooperation, through alignment comes synergy, and that doesn’t always work with us.

When asked if faculty have input into philanthropic priorities at the college, the responses were mixed. One faculty member said, “Yes.” But, the context for her answer was aligned with her view of the highest priority for the college being faculty salaries. Most faculty members responded with “no” and noted they wanted more interaction. Faculty recognized that they were probably included in the strategic planning for the college, but not necessarily in setting priorities. One member of the faculty said, I don’t really remember any discussions about overall philosophy, about university relations, advancement or whatever we’re going to call it, and how philanthropy – we did have a little bit, which said, “If we’re going to have this campaign, we need to raise dollars for the endowment, not money for buildings.”

There was a little bit of those kind discussions, but not lots.

Administrators believed faculty members were involved, also connecting their involvement to setting the strategic plan for the college. However, with regard to setting priorities, administrators did acknowledge that faculty probably needed to be more engaged.

In closing, faculty members believed that faculty goals were taken into consideration when fundraising for the college. But the faculty member answers were
guarded with skepticism. “Faculty goals? Well, to the extent that their goals match the priorities, yes,” said one administrator. “That is a hard one to answer,” said a faculty member. She further said, “I’m going to say yes, after administrative goals are met.”

One faculty member said,

My understanding is it’s very much a balancing act, so you’ve got what the donors are interested in, you’ve got the long-term needs of the institution, you’ve got the short-term needs of the institution, you’ve got what the faculty perceive the needs of the institution as being, which may be blinded because they don’t have a big enough picture. And so with the need to weigh all of those pieces, I think it is, if you asked all of the faculty members, they probably would say no. They’d be more negative on that statement. So I’m going to sound more like an administrator now, but I think that’s because they often don’t have a big enough, broad enough picture.

An administrator had an interesting take on whether faculty goals were considered in fundraising. He said,

Yes. Are they enough? Maybe not. I think, at least in our institution, faculty goals are oftentimes limited to their perspective – their individual perspective, their departmental perspectives. By their nature, they don’t necessarily extend their thoughts and their objectives over to another department or to the institution, so they’re limited. Yeah, we listen to them, but oftentimes, because they are so shortsighted in focus, they don’t always get incorporated. That’s too bad, in some ways. I don’t want to characterize all faculty members in that way, but at least at
our institution we find a lot of parochialism among the faculty. It’s getting better, but that hinders the process.

It was noted by an administrator that most faculty are apathetic about what is done unless it impacts faculty salaries. He further shared,

I think that there’s some tension here over that. “How come it’s not going to my program? Why is it going to athletics?” A friend – a professor – told me, and you’ve probably heard this before, “We ought to eliminate athletics and all that money ought to go to the academic program.” Thirty-three percent of our students are varsity athletes. How do you eliminate that? So it’s that clash – the parochialism – that is natural and understandable, with the needs of the overall institution, going back to the overall goals. We’re no different from anybody else. Businesses are the same way. It’s not like we’re unique; everybody has their own needs. Ideally, everybody would have this global perspective, but realistically that can’t happen.

In the end, the priorities are set by the board of trustees, noted one administrator. And, as a point of notation, no faculty members are represented on the board, but they do have access to the board.

**EMERGENT THEMES**

The administrators, staff, and faculty interviewed at Rapid River College and Green Acres College were open, honest, and transparent. Their insights into shared governance and specific gifts of venture philanthropy at each of their institutions helped germinate emergent themes. The data collected from each of the interviews was
triangulated with written documentation about each of the gifts. Table 4 categorizes the themes and subthemes that emerged from reflections on the shared governance structure; decision makers and key players in the gift; donor characteristics; process, negotiations, and motivating factors for the gift; and lessons learned.

Table 4

**Emergent Themes and Subthemes**

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Theme one: Disconnect between theory and practice. An emergent theme from the data was administrator and faculty reflections of shared governance, both in theory and in practice. Subthemes also emerged. They were (a) the practice of shared governance did not always match theory; (b) a need for increased transparency, trust, and engagement; (c) a lack of faculty involvement in philanthropy; and (d) a lack of clear institutional vision.

Each participant clearly articulated a variation on the definition of shared governance at liberal arts colleges. Across the interviews, each participant was able to adequately share varying characteristics of shared governance. There was a belief that in theory, shared governance was effective and necessary. One administrator noted, “Ideally they work together and ideally they work towards a common goal.”

Theory versus practice. Participants at both colleges reflected differently on shared governance in practice versus their reflection of the theory of shared governance at their respective institutions. Administrators supported faculty involvement in the governance structure, but gingerly acknowledged the limitations of the decision making authority of faculty. One administrator noted,

I think that there are still clearly articulated roles and responsibilities and decision making authorities given to trustees, given to administrators – I would say specific administrators, not just the administration – to faculty and even to staff and to students. I think it encourages consultation. It encourages collaborative decision making, but there’s still ultimate authority in terms of who can make decisions about what at the institution.
Faculty satisfaction with their roles in the shared governance structure was mixed. While most believed faculty members had adequate control over the academic portion of the institutions, some faculty members did feel that their roles need strengthening. A few faculty members recognized their roles had improved over the years, however many faculty referred to “labor unions” and a lack of collegiality in defining their roles. Administrators from both colleges believed faculty roles were strong enough. One administrator noted that faculty sometimes “over obsess” about governance, and another administrator referred to faculty perception of the governing structure as “faculty governance.” One administrator noted, “Our faculty defines shared governance as faculty governance, so it’s out of balance.” He further said,

I think that the sharing process sometimes gets controverted in different ways. I think at our institution, only because at different times in our history – faculty stay, hopefully, they stay for a lifetime. They come, they stay, although I think that’s changing. That model is changing a little bit.

Additionally, faculty at both colleges cited their concern with increased governance over budgeting and financial decisions. Faculty specifically noted faculty salaries as a need for increased focus.

*Need for increased transparency, trust, and engagement.* Both colleges highlighted concerns of trust, transparency, and engagement. Faculty members feel a need to have a better working relationship with the administration all around, not only around issues that impact their area. Faculty members want to be consulted beyond academic affairs. They want to be engaged in all aspects of the college. A faculty member stated, “I think we’re in a period of time right now where it’s not perfect…”
Some faculty members feel that the length of tenure of faculty members versus administrators would support that argument. Often times, faculty members felt that they were only being given information that administrators wanted them to have. Trust and transparency is a concern. A faculty member shared,

But I think even now, there’s always faculty who feel they’re being not told the whole story, and that’s probably still true. They’re not being told the whole story. When you’re not told the whole story, you really can’t make a decision that’s really intelligent and maybe best for the whole community if you don’t know the whole story. But sometimes the whole story is tough to hear.

Interestingly, administrators at one institution acknowledged the need to focus on trust as a methodology to improve relationships.

**Lack of faculty involvement in philanthropy.** Faculty engagement in the philanthropic decision making at both colleges was highlighted as an area in need of improvement. The majority of faculty members felt placated or completely left out of the philanthropic decision making of their respective colleges. In fact, some faculty members were not even able to answer questions about the process as they were completely ignorant to any process of philanthropic decision making at their institutions. Some faculty felt the process was “secretive” and done behind closed doors. There was a belief that the president, board of trustees, and other administrators were controlling the conversation and that decisions were “top-down.” A faculty member stated, “Well, the VP’s weigh in what they want – need, the president decides, and kind of pushes.”

Administrators often justified faculty engagement in the process by talking about faculty involvement in the strategic plan. Faculty members at both colleges
acknowledged this type involvement, but also recognized it did not necessarily translate into philanthropic decision making. One faculty member stated, “There’s a lot of discussion with the board and with trustees about setting our fundraising agenda, but not with the faculty.” Some administrators acknowledged a lack of engagement. One administrator said that these discussions happened only in “isolated pockets.” Many administrators believed the philanthropic conversation could be stronger, but their viewpoint on engagement was different from the faculty. Some believed campus-communication was strong, some believed faculty involvement in the strategic plan was adequate, and others believed that faculty leaders were actively engaged in the process. Several faculty members acknowledged that a lack of engagement in the philanthropic decision making causes stress. It just was not part of the shared governance structure. One faculty member stated, “…there is no shared governance on philanthropy, there just isn’t. Which is an issue at point sometimes.”

Absence of a clear institutional vision. A final subtheme that emerged was a lack of understanding of institutional vision for the future. Each participant was asked about their understanding of the institutional mission and vision of their college. Almost all of the administrators and faculty members at both institutions had a very good understanding of their institutional mission; which was to educate students. In fact, administrators and faculty members at Rapid River College had a remarkably strong sense of mission and mission statement. However, when asked about their institutional vision, both administrators and faculty members had a more difficult time articulating a response. None of the faculty interviewed at either institution could even answer the
question. Some faculty members referred back to their desire to be more engaged in setting the vision.

Most administrators did not know the vision either. Some connected the mission with the vision, but with no specificity. One administrator said, “Is there any difference between what I say the desired mission is and our vision?” For the administrators that did answer the question, their responses were politically charged and absent of any meaningful clarity. One administrator said, “…the vision of the college right now is the vision of our president.” Another administrator noted that the vision was shared across the campus community, but did not give any specific details as to why that would be true. It is important to note that the presidents at the institutions did not have the same difficulty articulating the vision, but then again, it is their own visions the presidents were sharing.

**Theme two: It only takes two.** An emergent theme from the data related to the key decision makers and key players that were seminal in closing the gift of venture philanthropy at each institution. Two subthemes emerged. The first subtheme to emerge was the leadership significance of the president or a senior administrator as a salient factor in closing the gift. This subtheme acknowledges the limited to nonexistent faculty engagement in the decision making process.

**Presidential or administrative leadership was key.** Recognizing the gifts were donor driven, the gifts would have not happened without the involvement of key individuals on each campus. At Rapid River College, the president was the individual catalyst for closing the gift and at Green Acres College, the vice president of advancement was the instrumental on-campus leader. It was important for each of the
donors to have a personal connection and a belief that the campus leaders could carry out their wishes.

At Rapid River College, there was a very strong affinity between the president and the donor. As many interviewees noted throughout the interviews, there was a strong personal relationship between the two that had developed over the years. Mr. Trustee believed in the president. Her values and interests aligned closely with Mr. Trustee’s. He had a lot of faith in her leadership and in her ability to carry out the stated goals for the gift. Without a doubt, the campus community knew the president was person who closed the gift with Mr. Trustee. Interviewees commented that negotiations ensued between the president and Mr. Trustees exclusively. As a result, interviewees really did not know how to answer questions about donor conversations and negotiations, with the exception of the president who knew a great deal about the process. While it is believed that the donor gave the college a great deal of flexibility, the gift would have not happened had the current president not been in the leadership role to carry out the expectations of the donor.

At Green Acres College, Mr. and Mrs. Jones had a strong connection with the vice president for advancement, seeing him as a peer. The vice president had a lot in common with the donors. Like Mrs. Jones, the vice president was a former board member and like Mr. Jones, the vice president was a keen and shrewd businessman. Mr. and Mrs. Jones believed in his leadership and his abilities to carry out their wishes. The current president was leaving the college and the conversations for the gift were directed almost solely with the vice president.
Faculty Engagement: Limited to nonexistent. The data revealed that the level of faculty involvement at each institution was mixed. Faculty engagement and involvement ranged from participation on a planning committee to virtually nonexistent. And the faculty at each institution acknowledged that with regard to the financial implications of the gifts, a greater level of engagement and transparency would have been ideal.

At Green Acres College, the faculty was not engaged at all in the gift. One faculty member said, “What happens between university advancement and the president’s office is not public knowledge with university governance. He will say it is. It is not.” Faculty members recognized there is a level of involvement that seems prudent and believed that the faculty governance committee should have been consulted. A faculty member noted,

The only way they would have been consulted would have been through the governance committee because it would not be – and I don’t think it’s really appropriate – you don’t ask the faculty as a whole about gifts you’re going to receive. You don’t say to the faculty, “Do you think we should take a gift like this?” But you might ask the governance committee their thoughts about it, not that you ask their permission. And you might seek their guidance as to whether it should be announced.

Recognizing the faculty did not need to be asked for permission, consultation, and input would have been expected. However, that did not happen.

At Rapid River College, faculty was engaged in the planning grant. A planning committee was eventually involved, but the process for accepting the gift was open only to administrators; in particular the president, and the senior officers as needed. The
committee was given a task to brainstorm, but within a pre-negotiated construct. Interestingly, faculty members and administrators do believe the planning committee helped shape the program, but the committee never had interaction with the donor or the donor’s foundation. That specific and sole interaction was at the privilege of the president. Regardless of the outcome of the committee, one administrator believed Mr. Trustee was always going to make the gift. “I think that the planning grant was more of a public relations thing. I think that it was a political thing to help him with his board, although he has control of it,” she said.

**Theme three: A highly engaged donor.** An emergent theme from the data was the prevalent characteristics of the donors. Several characteristics that overlapped were categorized into sub-themes. They were (a) committed and connected; (b) entrepreneurial and future oriented; (c) results-based and a high expectation of accountability; and (d) beliefs and passions that drive their philanthropy. Each gift was a significant seven-figure cash investment and as one interviewee noted, it was a “game-changer.” While the donors had many similarities, one donor was described as being “republican” while the other donor was noted as being very liberal.

**Committed and connected.** Each of the donors were committed and connected to their respective institutions. They had served or were serving on the board of trustees, and were highly connected to the college. The donors also had strong connections to the community. One of the donors was born in the same town as the college, while the other donors built their lives in the community after graduation from college. Additionally, the respective college of each donor was their alma mater. Each of the donors was also
deeply committed to their institutions. The donors had made several gifts over the years and were their respective institution’s largest cumulative donors.

**Entrepreneurial and future oriented.** Each of the donors was characterized as being entrepreneurial and future-oriented. Mr. and Mrs. Jones were highlighted as being very concerned with the financial future of their college. Mr. and Mrs. Jones wanted to be on the offensive versus the defensive when it came to building a financially sustainable institution. Mr. Trustee also wanted to make a significant impact and put the college on the map both nationally and internationally. Mr. and Mrs. Jones and Mr. Trustee each had their own ideas and knew what they wanted to support. Their gifts were their own ideas and quite frankly, did not align with the college’s strategic plan or capital campaigns.

**High expectations and accountability.** The donors all have high expectations and demand accountability with ongoing stewardship and donor relations. As venture philanthropists, they want to see results. Mr. and Mrs. Jones had high expectations for their investment in Green Acres College. One administrator said, “Manipulative is a little too strong of a word, but he wanted to be directive in terms of how this gift got implemented, even down to the details of how we pay people and all that sort of thing.” The donors wanted their gift to be leveraged as much as possible and produce results. In fact, the original proposal to the donors was returned and the donors asked for it to be bigger. The college was also required to produce ongoing reports. An administrator shared,

There was a very clear reporting mechanism where the donors expected, and I participated in delivering an annual report, both on how the money has been
invested and the returns that were coming, measured in terms of increases in documented planned gifts.

Mr. Trustee also had high expectations. He ran his gift through his foundation, and as such, the ongoing reporting and benchmarking is expected. Mr. Trustee decided “to run the money through the foundation because this is his interest in accountability.”

One faculty member said, “I mean he’s not going to throw money at the problem and keep throwing money at it. If he throws money at it, he wants results.” An administrator also noted he expected reporting “with respect and with real accountability.”

**Beliefs and passions drive their philanthropy.** The donors all believed that their respective institutions changed their lives, and as such, wanted to change the lives of others. The donors demonstrated a clear sense of altruism, but their philanthropic practice was grounded in a much more engaged style of giving that went beyond just believing in the institutional direction. The donors wanted to shape it.

Mr. Trustee, while a very quiet and reserved man, is very passionate about his philanthropy and his foundation’s mission. He wanted to make a significant difference at Rapid River College, but also wanted to find a way for his values to drive his philanthropy. Mr. Trustee is someone who has given a great deal of thought to his philanthropy. “It truly is an extension of what he believes in passionately,” said an administrator.

Mr. and Mrs. Jones were successful businesspeople and this influenced their philanthropy. Mr. and Mrs. Jones were very pragmatic and wanted their gift, which they considered an investment, to be parlayed into generating additional revenue for the college. Additionally, Mr. and Mrs. Jones wanted to see an impact beyond their own
philanthropy. One administrator noted, “They are always looking for an opportunity to leverage resources for a maximum impact.”

**Theme four: Charting new waters – Gift acceptance process.** An emergent theme from the data recognized that the process for accepting the gift was new to each institution. One faculty member summed it up well by stating, “I think this was unique in my 19 years here because I can’t think of anything like it.” Subthemes that emerged were (a) the idea for the gift germinating from the donor; (b) gift negotiations being nearly closed; (c) motivation for the donors deriving from their beliefs/values and motivation for the college centering on institutional recognition and financial impact; and finally, (d) the lack of consideration for short term and long term impacts.

**Gift germinated by donor.** Some of the interviewees did not know where the idea for the gift came from, but speculated that it was from the donors. For those who had a close connection with the process of accepting the gift, the answer was clear. It was the donor. For example, one administrator said, “It was theirs. And they pushed us, they pushed us way beyond where we thought – it was one of those great things.” Another administrator noted, “The idea to give the gift belonged to the donor. I will tell you, the donor came in with a napkin, literally, and said, ‘I’d like to give this much money for a…’ That’s all it said.”

Both institutions acknowledged that they had never thought about the gifts, and as such, neither of the concepts were part of the strategic plan or capital campaign plans.

**Closed negotiations.** The process for closing the gift and the ensuing negotiations were somewhat of an enigma for most interviewees. Most of the faculty had no idea how the gift was closed. At Green Acres College, almost none of the faculty had
any idea about any negotiations or process for closing the gift. In fact, many of the faculty had forgotten about the gift, as if it never happened. The negotiations were assigned to the president and the vice president for advancement. At Rapid River College, the original conversation started with the donor and the president. And as such, a planning grant was awarded to allow for the campus community to be part of the process. A few faculty members were asked to be part of a planning committee, but the process for negotiating the gift clearly rested with the president, the donor, and the donor’s foundation.

The process for accepting the gift was complex. At Green Acres College, legal analysts and the board of trustees were highly involved. Mr. and Mrs. Jones clearly knew what they wanted and were not afraid to articulate that to the president. An administrator shared, “To the extent that when the first proposal was returned and the donors said, ‘You need to think more largely, you need to be more aspirational,’ that’s a negotiation of sorts.” Presentations were made to the board of trustees. However, the details for the program were shaped by the donors, who were also members of the board of trustees. This may have helped in advancing the gift through the board with little concern from the trustees. The gift proposal was developed in a fashion that matched the donor’s desire for a return on the investment.

At Rapid River College, initial negotiations were behind closed doors. The process for accepting the gift was extensive, and yes, quiet. “Yeah, well, it was kept very quiet. I – it was a weird time – I was even in the dark,” said one administrator.

Motivations driven by donor beliefs/values and college recognition. The donors had clear motivations in granting the gift and the colleges each had specific motivations
in accepting the gift. Donor motivations aligned closely with each donor’s personal belief system and values. Whereas, each of the colleges was motivated by the recognition that the gifts brought to their respective institutions.

Faculty members and administrators both believed that the donor motivations were driven by their love for their alma mater, but equally by their ability to advance their own agendas and beliefs. Some would even argue that their personal beliefs surpassed their altruistic connections with the college because the idea for the gifts germinated with the donor and aligned with their very specific belief system. This argument is also supported by the colleges’ motivations to accept the gifts despite the initiatives not being part of the strategic plans or capital campaign priorities. A faculty member at Rapid River College commented on donor motivation by stating,

…for the donor, he cares a lot about using his wealth to change things in ways that are aligned with his values. I think he thought it was a way to enhance one of the things he loves about this college and to really transform the college. And through the college to transform the world, which again, sounds like big talk, but that’s what he’s about.

Additionally, an administrator at Green Acres College said the donors believed they could “change things” by transforming the endowment. A faculty member stated that the donors wanted

…to assure a future for the institution beyond their lives, and a need of theirs to make a difference for the institution, to seem like a reasonable position to take a small operation and expand it into one that could make a difference in the college.
Another member of the faculty stated that the donor’s philanthropy was driven like a business. She said, “I would say, most philanthropy gifts are from people who are relatively – politically – they’re a business. They’re probably politically conservative. They have some particular ideas.”

Each of the donors wanted to put their respective colleges in a league of their own with regard to their specific gift. The donors wanted their institutions to be nationally recognized and “the best” because of their gift. It was the donors’ idea and they wanted to see an impact. However, with the positive impact also comes some recognition that the intentions may not be entirely pure. Some of the internal community perception was that the donors were doing nothing more than advancing their own agendas and beliefs through the colleges.

Both Rapid River College and Green Acres College were motivated to accept the gifts even though the gifts were not part of the mission or vision for the institution. A faculty member at Rapid River College shared, “…even though it was not on a bucket list of anybody’s strategic planning at that time when it came about, it was like, whoa, heaven sent because it can do lots of different things from the college.” Numerous reasons were identified as to why the colleges accepted the gifts. One, the donors were highly connected with the institutions via the board of trustees. Two, the gifts were distinctively unique and, while measurable impact was unknown, the gifts could have significant impact on the institutions’ reputations. And three, the gifts provided millions of dollars to the colleges in an economically challenged environment.

Assessment and impact unknown. Administrators and faculty recognize that assessment is imperative to determining both short term and long term success.
However, articulating the monitoring and measurement of the gifts posed challenges to both administrators and faculty members at both institutions. In fact, assessment was something that many had not even thought about.

Administrators at Green Acres College spoke of an assessment plan and assured that a reporting mechanism was put in place. They claimed reports were being generated to detail how the money was being invested and that the returns were coming in. However, none of the administrators could articulate any specific evidence of the gift’s success. At Rapid River College, the gift stipulated that there be a strong assessment component to be reported to the donor. For the donor, a detailed assessment was important in determining impact. Ongoing reports were to be given to both the donor and the foundation. However, those interviewed struggled to comment on the reporting component of the gift. One faculty member stated,

Well I could tell you, we have a kickass assessment plan. This assessment plan just is perfect. It just kicks ass, right? The problem is, it’s not clear to any of us who actually wrote the assessment plan [and] whether or not the assessment plan is being implemented.

Another faculty member commented,

And actually, I was thinking about that a couple of months ago. Whatever happened to those criteria? Has anyone actually employed those criteria now that the center has been running for about two or three years? Has anybody ever actually gone back to our initial assessment?

Only two administrators were aware of the how the gift was being monitored and measured. The two administrators connected to the academic functions of the gift noted
that there were both quantitative and qualitative assessments to the gift. However, their answers were disjointed and not definitive.

At both institutions, there were mixed feelings from the faculty members and administrators about the short term and long term impacts of the gifts. Like institutional assessment, there had not been a lot of consideration given to measuring the short term and long term impacts of the gifts at their respective colleges. The answers received were merely speculation and were not built on a significant amount of reflection or measurable impact. There was a hope that some of the positive short term impacts would potentially be (1) increased visibility, (2) student impact, (3) faculty impact, and (4) an influx of financial resources. Additionally, the faculty members and administrators hoped the gifts would bode positive long term impacts such as (1) enhancing visibility, (2) raising more money, and (3) pushing liberal arts institutions to promote the importance of what being educated liberally means.

Several concerns about the impact were also identified. Faculty members at Rapid River College were concerned that the gift had potentially taken over the mission, and had focused the mission in a very specific way. This was also a concern of many alumni that the gift forever changed the mission of the institution. Additionally, trustees at Rapid River College questioned the gift’s impact. One administrator shared,

I don’t think there was a question within the board of trustees, “Is this a good thing or bad thing?” They just wanted definition. “This aligns with our mission,” for example. “Tell me how does this play out? How does it play out in the classroom? How does it play out within other parts of the campus?”
However, for both institutions, the biggest concern highlighted was any consideration at all to the short term and long term impact of the gifts. Faculty members at Green Acres College acknowledged that they were so far removed from any details of the gift that it was hard for them to assess the impact of the gift. One faculty member said, “…to tell you the truth, I didn’t know about it.”

At both colleges, the gifts have posed concerns of financial resources being diverted from the core academic units on campus and what this will mean for the long term financial impact. One faculty member articulated, “Why are we doing this? This money could be used better on other things. Our programs were struggling.” He further stated, “We struggle with tight budgets. All this time they’ve got all that money. Are you kidding?” The financial concerns were also supported by the administrators. One administrator noted,

There was another long-term implication that hit after I arrived. That is when the funding ran out. We suddenly had new fixed costs in the budget. In order to fund those, we did not have funds for some other things. I don’t know that everybody connected the dots from A to B to C to D.

An administrator connected closely to the advancement function said, “So would I have given that gift back or not accepted it? No way. It’s been tremendous. But I think I would have thought much more carefully about what are the long term implications.”

What was evident is that the faculty did not know about the financial implications of the gifts.

Members at both institutions believed the gifts potentially could play into the mission of the college, but only if the gifts were going to be instrumental in advancing
the institutions forward in both the short and long term. “I think the long term impact is one. I think it’s too early to see that. I think I know what we hope it will be. But I don’t know yet what the long term impact will be,” said one administrator. Furthermore, another member of the leadership team said, “Long term, I really believe that if we can keep momentum and really figure out for us, how this does fit into the mission of the institution, and be able to best verbalize it, it is something that does put us in a different playing field nationally ...”

**Theme five: Lessons learned.** An emergent theme from the data related to the lessons learned through the process of accepting the gifts at each respective institution. Several subthemes surfaced in the research. They were (1) confusion and ambiguity; (2) a broader inclusion of faculty and the larger campus community; (3) long term financial impacts; and (4) faculty ambivalence and confusion.

**Confusion and ambiguity about the gift.** There seemed to be some confusion, potentially even concern, about how the gifts might align with the institutional mission. There was a significant amount of ambiguity highlighted as to how the gifts aligned with the college and how a donor would be able to influence the colleges’ direction through a gift. An administrator shared, “I heard a faculty member say once, ‘Okay, so if we have a strategic plan and all of a sudden a big donor comes along, does that mean that the strategic plan changes?’ It’s a valid question.” The administrator attempted to respond to the faculty member by stating,

…well it depends on what that gift is. We don’t turn down every gift just because it’s not in the strategic plan. If it makes sense, if it fits the mission, if it can do well for the institution, then the college is going to look at it seriously.
As such, better communication was identified as a way to circumvent confusion. While one institution suggested marketing the gift better, the other institution recognized that better communication about the gift would have mitigated confusion and ambiguity.

**Broader inclusion of faculty and the larger campus community.** Members of the faculty at Green Acres College would like to increase communication and be included in the discussion of gifts like this in the future. One faculty member noted, “Would I have informed the faculty? Absolutely!” Faculty members at both institutions recognized that they did not need to approve decisions to accept gifts of these sorts, but did acknowledge consultation and collaboration as important in strengthening the governance structure.

**Long term financial impact.** Considerations for the financial impact were highlighted at both colleges. There appeared to be an absence of conversation across the shared governance structure about the financial impact or implications of the gift. At Rapid River College, there was a suggestion that because the gift was so large, the opportunity to use the gift to leverage additional resources was missed. However, more concerning was the absence of any thought to the long term impact of the gift at Green Acres College. There was not a lot of thought put into what would happen after the money ran out. The gift funded numerous staff positions and operational support, and after the money ran out, the college would have to assume this expense as part of the operational budget. A faculty member shared,

I think on a gift like this, especially because of some of the strings associated with it, in terms of staffing and in terms of ultimately absorbing the cost, I think I’d be
a little bit more cautious than maybe in a gift for a building, even though it might literally be the same thing.

**Faculty ambivalence and confusion about fundraising.** Both Green Acres College and Rapid River College identified faculty ambivalence and confusion about what other areas of campus do. Faculty members are so centered on their own work and lives that they have not taken time to learn about the operational aspects of the college. A faculty member at Green Acres College said,

> I don’t think this community is that aware of what others in the community do. And I would say that that’s not just pointed towards fundraising. It’s also, “What are the restrictions in the business office? What are the challenges in Student Affairs?” The institution is very, very, very segmented.

Fundraising was recognized by the faculty as being important, but the understanding of how it works is absent in the academy. A faculty member at Rapid River College noted,

> And 20 years ago, faculty would have said, “Why would anybody give to the college?” Now, people say, “Yeah, we need donors and we really appreciate the work that’s gone into this.” And so there is a greater respect for this, and part of that is having faculty who understand fundraising and faculty representatives to our advancement committee who stand up and say, “Look.”

While it was recognized that it was good to see the college get large gifts, there was a belief that the campus community did not think any differently about fundraising following the colleges’ receipt the gifts. One faculty member said, “The rank and file, though, the philosophy professor or the head lacrosse coach, I don’t know that they’re thinking about it any differently.”
Theme six: Philanthropy and shared governance – An unlikely combination.

An emergent theme from the data was administrator and faculty reflections of shared governance and its relationship to philanthropy, and in particular, its relationship to venture philanthropy. While some interviewees had thought about the joint relationships, many had not. The same held true in thinking about venture philanthropy and its relationship to the academy. Subthemes that emerged were (1) minimal or absent discussion about the relationship of shared governance and philanthropy; (2) venture philanthropy was a relatively unknown concept; and (3) a reflection on how venture philanthropy might work within a structure that values shared governance.

Shared governance and philanthropy: Rarely, if ever, thought about. Most individuals interviewed had only minimally thought about the general concept of philanthropy and how it might work within a shared governance structure. In fact, several interviewees had never thought about it at all. In fact, the majority of the faculty had not thought about the relationship. The absence of any consideration of how philanthropy fits into shared governance did surface some concern amongst faculty members and administrators. One administrator noted,

I do recall several times thinking, “How did this gift get to this place without faculty knowing much about it, without there being a very open process, particularly if I or many of us from the faculty in particular, didn’t think there was much of a fit, whether it’s a grant that the institution was writing or a particular gift? How’d we get there? Why? How does this fit with anything?”

Administrators noted that thinking about philanthropy and its relationship to shared governance was frustrating. This was primarily due to faculty having incredibly strong
opinions and perceptions on how to get things done, but these thoughts not necessarily aligning with the vision of members of the administration. An administrator stated, “We don’t get stuff done in higher ed. We talk a lot about it.” A faculty member agreed. She stated, “…I’ve been concerned that the whole shared governance piece might prevent some of that philanthropy from happening.”

For the faculty and administrators that had thought about it, it was jointly recognized that the priorities and goals must be in alignment for it to work. One administrator noted that when an alignment is absent, frustration will ensue. He stated, Your goals and objectives have to be in alignment. And I’m not sure our model, the way we operated – I shouldn’t say the model, it’s the way we implement shared governance – governance always produces a linkage and the interests being in alignment. Alignment is so important. Through alignment comes understanding, through alignment comes cooperation, through alignment comes synergy, and that doesn’t always work with us.

Faculty and administrators were mixed in their belief that faculty priorities were taken into consideration when fundraising for the colleges. For the most part, faculty members did not believe their input was taken into consideration and stated that they would like more interaction in setting philanthropic priorities and in the fundraising process. Administrators on the other hand believed that faculty had adequate interaction in influencing philanthropic priorities. Administrators did, however, acknowledge that faculty should be more engaged in the fundraising process. Interestingly, both administrators and faculty members recognized that “faculty goals” should be taken into
a higher level consideration when fundraising. Faculty salaries were highlighted by both colleges as needing increased focus.

**Venture philanthropy is an unknown concept.** None of the faculty interviewed at either of the case study institutions had ever heard of venture philanthropy. This was not totally surprising, recognizing there was confusion and ambivalence on fundraising in general. Administrators were split in their knowledge of venture philanthropy. Most administrators had heard of venture philanthropy, but some had not.

When asked to define venture philanthropy, interviewees could not define the concept with complete accuracy. However, many of the interviewees were able to describe some of the characteristics of the term and did highlight some of the themes that define venture philanthropy. Most interviewees rationalized the concept by connecting philanthropy with venture capitalism.

**How can it work: The relationship between venture philanthropy and shared governance.** When asked how administrators and faculty members would see the relationship between venture philanthropy and shared governance, some administrators shared that there may be a potentially positive working relationship, but it depended on what was trying to be accomplished. Administrators noted that gifts of venture philanthropy could be successful in the shared governance structure, but the gifts needed to align with the institutions’ missions, visions, and stated priorities. (This is interesting as both the gifts at Rapid River College and Green Acres College did not initiate as stated priorities or as part of the institutional strategic plan.) Administrators stated that if gifts of venture philanthropy were identified and did not align with the institutions’ missions
or priorities, then the need for academic affairs and the faculty to be involved was imperative. An administrator said,

So if a donor is interested in making a gift to have some impact that’s consistent with the university’s mission and values and stated priorities, then it’s a nonissue. If a donor is interested in doing something that’s outside of that, then it depends on what – if it’s something related to the academic program, then it needs the provost’s and the faculty’s involvement.

Additionally, another administrator supported this argument by stating specific mechanisms should be in place to include all of the necessary areas, including the faculty, into discussions about venture philanthropy. He stated,

I think at the end of the day, when philanthropy meets the stated objectives of the institution, conserves the vision and mission of the institution, you don’t need 12 committees signing off on it. But if philanthropy is going to significantly lead to something that is significantly new and doesn’t look quite like the historic mission, you’d better have some conversation to ensure that people understand how this fits and align with the institutional mission.

But for those administrators who work the closest with donors, connecting venture philanthropy positively into a shared governance structure is not so easy. There is a potential for a great deal of tension, and concern for how shared governance operates within the academy. Gifts of venture philanthropy are beginning to happen more and more frequently and institutions are accepting them at an increased rate. One administrator said,
But the dual governance issue doesn’t play into it. There’s not this dialogue with the faculty that says, “What do you guys think? Should we really accept that?” I’ve worked at five institutions now, and I’ll be honest, I’ve never seen any institution that operates on that level with their faculty. Beyond just speculating a concern, some administrators highlighted the practice of people and foundations trying to shape the work of higher education and not having any understanding of the issues facing education at all. But, the donors are influencing the climate of higher education with much needed financial resources.

Faculty members did not have positive feelings about the working relationship of venture philanthropy and shared governance. Faculty believed that venture philanthropists’ influence should be minimal. While many did understand why donors would franchise venture philanthropy positively, the faculty members recognized that it was adverse to their belief of shared governance structures. One faculty member believed the majority of faculty would be against the tenants of venture philanthropy. In thinking about the larger faculty member response to venture philanthropy, he stated,

…I think the faculty think the donor should just give money and they should have no say on what the money goes to. Because they should give the money to us and we should be able to decide how we want to use it.

Faculty interviewees believed that venture philanthropy influence should be minimal to nonexistent, especially if it potentially would influence the academic units. The faculty believed that all decisions related to the academic aspects of the institution should be controlled by the faculty only. Faculty members suggested that in order for venture
philanthropy gifts to be even considered, the gifts would need to be clearly mapped into the governance structure of the college.

RESEARCH QUESTIONS

Research Question 1: In what ways has venture philanthropy impacted shared governance of private liberal arts colleges where charitable gifts, that typify the characteristics of venture philanthropy, have been accepted?

There is a need for increased transparency about gifts of venture philanthropy and their impact on the academic mission. Faculty members yearn for an environment of collaboration and collegiality. There is a strong desire for a culture that promotes a greater level of trust, transparency, and faculty engagement in the process of institutional advancement. Consultation beyond the area of academic affairs is optimal, as it will allow for faculty members to consider the implications of gifts on the academic mission of the institution. Faculty members feel completely left out of the development process. Faculty members believe they are merely championed when they can perform tasks that are defined by administrators to advance the agenda set by the board of trustees. In many cases faculty were completely ignorant about the venture philanthropy gifts that were central to the study’s focus and the gifts’ impact on the institutions’ missions and visions.

While there are times where collegiality is stronger than others, there is an overwhelming sense from the faculty members that information is packaged in a way to mitigate roadblocks and tough questioning from the academy. Recognizing that shared governance structures are important to creating a strong management system, faculty members would like to engage in a greater level of philanthropic decision making and
minimize the administrator’s placation of their role. Faculty members believe they can add value in generating revenue to support institutional initiatives. There is a belief that trustees have a clear role in negotiating priorities for each institution, but the faculty does not. As such, gifts of venture philanthropy, when their impact does not necessarily align with the strategic plan, are very concerning to members of the faculty. This is especially troubling when negotiations are already completed and the foundational intentions of the gift are already negotiated and established. As one faculty member stated, “…there is no shared governance on philanthropy, there just isn’t.”

**Venture philanthropy is relatively an unknown practice.** None of the faculty interviewed at either institution had ever heard of venture philanthropy. As such, their perspective of the theory in practice was handicapped. In fact, there was very limited knowledge about fundraising in general. Administrators had some knowledge of venture philanthropy in both theory and practice, but that knowledge was minimal.

**Colleges are likely to engage in conversations of venture philanthropy gifts without full consideration of the gifts’ alignments with institutional mission and vision.** Most members of the faculty, as well as administrators, had a clear understanding of the institutional mission for their college. There is also a belief that the strategic plan at each institution was created to support the institutional mission. However, administrators and faculty had a challenging time articulating the institutional vision of their college. In fact, no members of the faculty could answer the question about their college’s vision. There is a belief that institutional vision is not taken into consideration when negotiating gifts of venture philanthropy. Furthermore, there is a belief that institutional mission is not fully considered when gifts of venture philanthropy are negotiated and accepted. In each of
the case studies, the gift of venture philanthropy originally germinated with the donor, did not align with the approved strategic plan, and was initially driven by donor priorities over institutional priorities.

**Research Question 1a: Who were the decision makers involved in the cultivation, solicitation, acceptance, and implementation of the gift?**

*Venture philanthropy donors work with someone they trust.* With each case study of venture philanthropy at the liberal arts colleges identified, there was an emergent key administrator that connected closely with the donors. In one situation it was the leadership connection with the president and in the other case, it was a leadership connection with the vice president for advancement. Venture philanthropy donors need to believe that their wishes can be carried out. With that said, it is clear that trust is imperative to a strong working relationship with venture philanthropists and key leaders within the academy. It is important for venture philanthropists to have a strong relationship with an institutional leader that will be responsible for carrying their wishes forward. This can be somewhat problematic, as it limits perspective and viewpoints from others within the institution to participate in shaping the gift in a way that will impact the college. This approach prioritizes the priorities of the donor over the inclusion of members of the larger college community.

Each venture philanthropy donor had developed a strong working relationship with their trusted administrator over a number of years. There was an alignment of values that developed between the institutional leader and the venture philanthropist donor. This was essential to closing the gift. In the example of Green Acres College, both the administrator and donors championed shrewd business practices. Their beliefs,
values, and business practices were grounded in outcomes and focused on return-on-investment as a methodology for measuring success. Additionally, at Rapid River College, both the president and the donor shared similar passions and values. Their relationship went beyond good management. Their political and social value constructs were very similarly aligned.

*Faculty engagement is nonexistent, and where it does exist, it is controlled.*

Faculty involvement in fundraising was acknowledged solely by their role helping develop the strategic plan for the institution. The strategic plan was highlighted by both members of the faculty and administrators as the means by which faculty engagement was translated to involvement in the fundraising process. This translation was often justified by administrators as an appropriate means of engagement in the philanthropic process. However, faculty members recognized the limitations of this type of engagement; especially as it relates to setting philanthropic priorities and making fundraising decisions for the institutions. Interestingly, both case studies of venture philanthropy that were identified as part of the research were not initial priorities for each of the institutions. In fact, both gifts were not part of the original approved strategic plans. The gifts were also not taken into consideration as to whether or not they aligned with the colleges’ missions or visions. The lack of faculty engagement has been identified as a factor that causes significant stress between the faculty members and administrators.

Faculty engagement at Green Acres College was completely absent. Faculty were not only not involved in the process, many of them claim not to even be aware of the gift and its financial implications on the college. One standout comment that encapsulated
the feeling of faculty involvement in fundraising was, “What happens between university advancement and the president’s office is not public knowledge with university governance.”

At Rapid River College, faculty engagement was controlled. There was some very structured faculty engagement that helped the college shape the original planning grant; however, there was some speculation from the faculty and administration that this was merely a public relations strategy to create a sense of campus inclusion. Some did believe that the gift was negotiated solely between the donor and the president. In creating the planning group, faculty were hand selected by the president to participate. The planning group met over the summer. There were very few faculty members on campus and as such, shared governance structures were nonexistent as faculty meetings and committees did not function during that time. It was clear, as noted by the faculty members and the administrators that the president had control over the college-wide decisions, and with contact with the donor. The president directed the planning group to satisfy the expectations of the donor.

Faculty members did recognize that there was an appropriateness and prudence to involving faculty in the fundraising process. Faculty members believed that the faculty governing body should not micromanage the process. Faculty members would like the administration to openly share information with the lead faculty governance committee. Faculty members recognized that certain decisions about fundraising did not require permission, but consultation and input would be highly expected. Transparency was highlighted as an important practice to build trust and maintain collegiality. Shared
governance should be invoked where the administrators should inform the faculty, but the faculty should defer to administrators to manage decisions on behalf of the institution.

**Research Question 1b: What, if any, benchmarks, goals, results were agreed to before the gift was received?**

*There was a high expectation for outcomes and impact.* At each case study institution, the donors approached their respective colleges with their ideas of philanthropy. The donors convinced the colleges’ senior officers to move forward in accepting the gifts and creating programs that met their specifications, expectations, and long term sustainability.

The donors were described as being both entrepreneurial and future-oriented. Additionally, the donors centered on accountability and production of results that would demonstrate an impact from their gift. At Green Acres College, the donors had high expectations for their investment. An important statement from an administrator about the donor was, “Manipulative is a little too strong of a word, but he wanted to be directive in terms of how this gift got implemented, even down to the details of how we pay people and all that sort of thing.” The donors clearly had expectations that went beyond the constructs the academy would have set for their own benchmarks.

Furthermore, the donors wanted their gifts to be leveraged as much as possible. The donors wanted their gifts to produce results. Each of the donors was highly involved in critiquing and shaping the gift agreement. It was noted that the donors even pushed the institutions beyond their comfort zones with expectations and goals that went well beyond what each institution would have established. Each case study institution is expected to produce ongoing reports that not only specify how the gifts were allocated,
but also demonstrate impact and growth. Administrators noted that the donors clearly articulated their expectations for reporting, as well as for monitoring and measurement. Benchmarking was salient to demonstrating success. One comment summed up the expectations of the donors. In reference to the donor at Rapid River College, one administrator said, “…he’s not going to throw money at the problem and keep throwing money at it. If he throws money at it, he wants results.”

**Donors expected the gifts to promote distinctiveness for the colleges, sans alignment of the gifts with the strategic plans.** The initial motivation for both gifts was that the donors wanted to do something for the colleges that would set the colleges apart from their peer institutions. They wanted to do something that would bring notoriety and distinctiveness to their alma maters and create a long term impact that demonstrated both a legacy and an advancement of the college brands in a distinctive way. The donors believed in creating a gift that would not only have immediate impact, but would have a long term impact on the college; specifically its students, its faculty and the greater community in which the college resides.

Each of the donors wanted to put their respective institutions on the map. The donors wanted their respective institutions to be nationally recognized as “the best” at what their philanthropy addressed. There was a belief that this would impact the long term viability of the colleges and allow the institutions to thrive in a climate where liberal arts colleges were struggling.

**Donors pushed the colleges beyond their framework of size, scope, implementation of the gifts.** Once it became clear that the case study institutions were interested accepting the venture philanthropy gifts, the colleges presented the donors with
detailed plans for implementing their philanthropic investments. In each of the case study institutions, the framework, size, and scope of the gift were challenged by the donors. At Green Acres College, the donors pushed the college to think bigger, broader, and in greater scope. The donor pushed the vice president of advancement to think of how their philanthropy could be used to create a program that could be the best in the industry and would produce the biggest amount of impact in the shortest amount of time. The donors pushed the college to think about infrastructure, operations, and human capital beyond the original scope for an institution the size of Green Acres College.

At Rapid River College, the donor agreed to have the president establish an internal planning committee of faculty and staff. However, the committee would also be peppered with national consultants at the choosing of the president, and approval of the donor. The planning committee had a charge, but the president had a clear direction from the donor and his foundation on what the core direction of the gift would be. Furthermore, the donor wanted the new program to have the appropriate recognition on campus. As such, he pushed the college to erect a building explicitly for the new program created. The donor picked the architect and was intimately involved in selecting the plans for the future building.

**Research Question 1c: What was the process of accepting the gift?**

The process was unique and unlike other gifts that had been accepted at the colleges. Both institutions recognized that the process was unlike their normal processes for accepting gifts. There were several reasons identified that lent to this unique process perspective. One, the idea germinated from the donor and not the strategic plan. Two,
the primary negotiations for the gift were closed. And three, the detailed process for accepting the gift were intricate and complex.

**The idea for the gift germinated from the donors.** While many did not know where the idea for the gifts developed from, there was a speculation that it germinated from the donor. For those who were close to the gift, it was clear; the donor was responsible for approaching the institution with the idea, crafting the details, and driving the institution to align the gift criteria with their personal philanthropic goals. The donors pushed the institutions beyond where they believed faculty and administrators thought the colleges could go. Recognizing the gifts did not align with the strategic plan, the details of the gift and the acceptance process evolved during the process of negotiations.

**Negotiations were closed.** Negotiations were held exclusively between the donor and the donor-identified administrator of choice. In each circumstance, faculty did not know what was agreed to, and furthermore, many of the administrators did also not have direct knowledge of the negotiations. The negotiations were strictly held to the president at Rapid River College and the vice president of advancement at Green Acres College. What was known was what was agreed to and what was directed by the closely connected administrator. Retrospectively evaluating negotiations, faculty and administrators both acknowledged the key roles of the selected administrators in closing the gifts. There was a belief that the colleges were given some flexibility in crafting the gifts’ structures, but the focus and intended outcomes were directed by the donors.

**Acceptance of the gift was intricate and complex.** The transactional business process of accepting the gift was intricate and complex. The donors pushed the institutions, and as such, the institutions relied on legal analysts and other consultants to
help them navigate the gift acceptance process. This was new for both institutions. Both administrators and faculty noted that the process for accepting the gifts was unlike any process that had transpired before. The donors knew what they wanted to achieve and were not shy in articulating this to their respective institutions. Each institution had to rely on assistance in helping them craft the details to meet the donor expectations. There was a clear expectation that the gifts provide a return on investment.

**Research Question 1d: What was the motivation for the gift?**

The donors believed they could change things with their philanthropy. In a challenged economic climate for liberal arts colleges, the donors believed that they could impact the trajectory of their respective institutions with their gifts. The donors wanted to see a legacy created and wanted their gifts to be leveraged in a way that would create a long term impact to the college and its constituents.

*The donors had a strong commitment and connectivity to the institution.* The donors were very involved with shaping their gifts at a very high level. This was due to the fact that a donor had served on the board of trustees at each institution. Also, the donors are alumni of their respective institutions.

Each of the donors had fluid contact with the president and senior administrators. They liked the senior staff at their respective institutions. Many noted that the gifts happened because the senior staffs’ values aligned with the donor’s values. At Green Acres College, the donor saw the vice president of advancement as a peer. This was due to the fact that the vice president for advancement was a successful businessman and former trustee. His role as vice president was short term; however his connection with the donor was long term. At Rapid River College the president and the donor shared a
strong belief system and very distinctive set of values. It was clear to the entire campus community that the donor had a very close working relationship with the president that went beyond the normal trustee/president relationship. The donor and the president were friends and shared the same beliefs, values, and goals.

Donors were motivated by beliefs and passions. Each of the donors was described as having distinct beliefs, values, and passions. And as such, these beliefs, values, and passions were central in driving their philanthropic decision making. While their gifts encapsulated some characteristics of altruistic philanthropy, the gifts would have never materialized from altruism alone. The donors believed their lives had been forever changed by their alma maters and wanted to do the same for others. But, the donors wanted to do it in a way that met their terms and expectations, and aligned with their beliefs and passions. The donors were recognized as major philanthropists, but philanthropists with distinct perspectives and opinions. In fact, some administrators and faculty members believed that the donors’ personal agendas may have superseded their altruistic connections to the institutions.

Research Question 1e: What lessons were learned that might guide future gifts of this type differently?

Venture philanthropy gifts can promote confusion and ambiguity, particularly regarding fundraising. From the faculty members’ perspective, there seemed to be some confusion and concern about how the gifts aligned with the missions of their institutions. There was a significant amount of ambiguity highlighted as to how the gifts aligned with the colleges and how a donor would be able to influence the colleges’ directions through the gift. As such, better communication was identified as a way to circumvent confusion.
While one institution suggested marketing the gift better, the other institution recognized that better communication about the gift would have mitigated confusion and ambiguity.

Both institutions identified faculty confusion about the roles of other areas of campus, in particular the office of institutional advancement. Faculty members are so centered on their own work and lives, they have not taken time to learn about the operational aspects of the colleges. Fundraising was recognized by the faculty as being important, but the understanding of how it works was absent in the academies. Equal to confusion, ambivalence about fundraising was evident. Faculty recognized that it was good to see their colleges receive large gifts, but there was a belief that the campus communities did not think any differently about fundraising following the colleges receiving these very large gifts.

The inclusion of the faculty is essential. Faculty members at both institutions would like to be included in discussing gifts such as the ones accepted at Green Acres College and Rapid River College. There was an expression of a need for increased transparency and discussion about gifts that would impact the institutions as significantly as these gifts have. There was recognition that the faculty did not have to approve the acceptance or non-acceptance of gifts such as these, but there was a hope that shared governance could be utilized to allow faculty to voice their support, concerns, or perspectives on such gifts. Collaboration and collegiality is key in order to preserve and even strengthen the shared governance structure.

A greater emphasis on assessment. Administrators and faculty members both acknowledged that there needed to be a greater emphasis on the assessment of the gifts to the larger organizational missions. There was recognition that good monitoring and
measurement was necessary, however both groups were challenged to articulate any
details of a plan to assess the short term or long term impact of the gift. Both Green
Acres College and Rapid River College acknowledged an assessment plan, but neither
could articulate the results that had been reported or whether the gift had or had not been
a success. Any assessment plan that was in place was clearly not being shared with the
faculty. Also, it was evident that the details of the assessment plan were not being shared
during the interviews. Therefore, it was difficult to ascertain the impact of the gift.

*A greater emphasis needs to be placed on the long term financial impacts of the
gifts to the institutions.* Members of both institutions highlighted a concern about the
long term financial impacts of the gifts on their institutions. Not only did administrators
and faculty members identify current budgets being diverted from core academic units,
but also expressed concern for the sustainability of the program for the future as needs
change and demands for limited resources grow.

Faculty noted that current programs are facing financial challenges. Faculty pay
is not keeping up with inflation and operating budgets are also continuously being cut.
However, with each of these gifts, the colleges are growing in areas that were not even
part of a strategic plan. Administrators also expressed the concern. Some worried about
what would happen when the money runs out. There were fixed costs in the budget and
no contingency plan to address the absence of gift money.

*Philanthropy and shared governance are independent thoughts of one another.*
There was not a lot of consideration given to how philanthropy can work within a shared
governance structure. This was actually concerning to both faculty and administrators.
For administrators, thinking about shared governance and philanthropy brought about
feelings of frustration. There is a belief that in higher education, things do not get accomplished easily. Administrators noted that faculty members have strong opinions and that their beliefs often do not align with that of the administrators. Even faculty members acknowledged that the shared governance structure in practice, if utilized, could prevent philanthropy from happening.

For those who had given it some consideration, there was a strong belief that the priorities of the faculty members and the administrators had to be in complete alignment. And, in defining priorities, it was imperative for goals and supporting objectives to be coordinated and in sync. Through alignment comes understanding, appreciation for differences of opinion, cooperation, and synergy.

There is a mixed belief that faculty goals were taken into consideration when setting goals for fundraising. Faculty believed that they were often placated and would like to have more of a valued and active role in setting philanthropic priorities. In fact, faculty members would like to be more engaged in the fundraising process itself.

CONCLUSION

The study findings revealed that liberal arts colleges have minimally considered venture philanthropy and its impact on collegial shared governance structures. Faculty members and administrators both recognize the need for increased transparency and communication about philanthropic gifts that characterize venture philanthropy. However, there is some concern from both administrators and faculty in how these specific gifts can impact the institutions without getting mired down in the faculty and administrative governance structures. The findings show that philanthropy is changing
and transformational leadership donors are starting to think of their gifts beyond just altruism, and instead are thinking about their gifts as investments. These types of donors have expectations of being involved in negotiating the gift agreements, setting expectations for benchmarking and reporting, and seeing a return on investment. Additionally, the findings clearly articulate a lack of engagement of faculty in the fundraising process outside of strategic planning. These findings are discussed through the study’s theoretical framework and relevant literature in Chapter V.
CHAPTER V: RECOMMENDATIONS

INTRODUCTION

Summary of the Study. This study examined the impact of philanthropic gifts characterizing venture philanthropy on the collegial model of shared governance at liberal arts colleges. The study particularly looked at decision making practices of faculty and administrators related to the donors’ interests. Furthermore, the study evaluated the efficacy of the gift acceptance process and the consideration of institutional mission and vision in accepting the gifts. Using case study methodology in the context of two liberal arts institutions, Green Acres College and Rapid River College, data were gathered through individual interviews with faculty leadership and administrative leadership within each institution. Data was also triangulated with supporting gift documentation, emails, and reports where available.

DISCUSSION OF FINDINGS AND COMPARISON TO LITERATURE

This study’s findings will be discussed through a lens of organizational theory, in particular Birnbaum’s (1988) model of a collegial institution. With a significant focus of research on public and research universities, the findings will provide a salient lens for private liberal arts colleges to think about philanthropy in relation to shared governance (Shinn, 2004). Birnbaum’s (1988) work has helped colleges and university leaders understand their existence within the organization, the problems of governance, management, and leadership; the structure and dynamics of the academy; decision
making and change; and the administrator’s role in the organization. As noted by Kezar (2001), Birnbaum’s work bridges both theory and application.

Additionally, the findings will be compared to relevant literature on venture philanthropy, the changing climate of higher education, and concerns of venture philanthropy practices for the academy. A comparison of the findings against the literature will validate scholarship against the real-life practices of venture philanthropists and their impact on the academy.

Organizational theory: The collegial model of shared governance.

Organizational theory, as exemplified by Green Acres College and Rapid River College, can be studied at liberal arts institutions using the collegial model of shared governance as defined by Birnbaum (Baldridge, Curtis, Ecker, & Riley, 1978; Bergquist, 2008; Bergquist & Pawlak, 2008; Birnbaum, 1988; Birnbaum, 2003; Bolman and Deal, 2003; Bok, 2003; Bowen & Schuster, 1986; Buchholz & Roth, 1987; Bush, 2003; Cornell & Savage, 2001; Eckel, 2005; Edelstein, 1997; Harcleroad & Eaton, 2005; Hatfield, 2006; Kezar, 2001; Kezar & Eckel, 2004; Kezar, Hartley & Maxey, 2012; Sturgeon, 1994; Townsely, 2009; Williams & Blackstone, 1983). This theory has evolved into the seminal model that continues to help guide both scholars and practitioners in developing a structured and integrated view of governance practices at both private and public colleges and universities (Bergquist, 2008; Kezar, 2001; Kezar & Eckel, 2004; Bolman & Deal, 2003).

The work of Birnbaum not only has become one of the most influential theoretical and applied analysis models of how higher education organizations are structured, but also has influenced how colleges and universities are managed and led (Kezar, 2001).
The model allows faculty and administrative leaders to understand their relationships within the academy. Additionally, the model helps faculty and administrative leaders to dissect institution specific problems of organizational governance, management, leadership, culture, decision making, and change. The theory also helps each member of the college or university’s shared governance structure understand their specific role and responsibility to advance the organization.

The study of the collegial model, as an organizational theory in liberal arts colleges, can be very pertinent to how a campus culture embraces, navigates, and implements a structure of shared governance to advance the mission and vision of an institution (Birnbaum, 1988). Applying theory to practice can help provide meaning to actions; especially the actions of the two key players in a shared governance structure. The key players are members of the faculty, in particular the elected faculty leadership, and administrators, specifically the president and the cabinet. Studying organizational theory aids in pragmatically understanding the culture and working environment within the academy (Kezar, Hartley & Maxey, 2012). The ability to utilize theory to be reflective, in which learning can be applied from historical practices and behaviors, can help guide future interactions, decisions, and effective working relationships between members of the faculty and administrators.

As mentioned in the literature review, in 1966 the American Association of University Professors, the American Council on Education, and the Association of Governing Boards of Universities and Colleges defined shared governance (American Association of University Professors, 2012). Realizing the statement was not a mandate, but rather a set of recommendations for institutions of higher education to establish
guiding principles for practice, colleges and universities began to create working structures that promoted collegiality and collaboration amongst faculty and administrators. Absent from that statement was any reference to external relationships and philanthropic influence. Birnbaum (2003) acknowledged the statement cemented the faculty’s responsibility over educational matters, and he did also articulate the importance of faculty participation in creating policy, setting institutional priorities, budgeting, planning, and the selecting campus leadership.

Both case study institutions, Green Acres College and Rapid River College, demonstrated how philanthropy, in particular venture philanthropy, does or does not influence their application of shared governance that is most typical at such institutions. The collegial model of shared governance, as defined by Birnbaum (1988), typifies liberal arts institutions such as Green Acres College and Rapid River College in their utilization and application of collaborative decision making and management. The case study institutions each have their own distinctive application of the collegial model of shared governance and in some circumstances, embrace the theory into practice, though in other circumstances, create their own practices which are antithetical to the theory’s characteristics.

**Collegial model as a theory compared to practice.** Members of the faculty leadership and administrators at Green Acres College and Rapid River College recognized the importance of shared governance and were easily able to articulate various characteristics of the collegial model of governance. In defining the ideal collegial institution, both faculty leaders and administrative leaders acknowledged the importance of collegiality and defined it consistent with the literature of the collegial model of shared
Collegiality, by its definition, is the right of the faculty to participate in college issues, to have cooperation, to actively be engaged in the faculty body where conversation and support are paramount, to compromise, and to have an environment where scholarly work is equally valued within the academy (Birnbaum, 1988; Bok, 2003; Bowen & Schuster, 1986; Cornell & Savage, 2001; Hatfield, 2006). These characteristics of collegiality are definitions of shared governance agreed upon by both faculty leaders and administration at each of the case study institutions.

It was clear, at each case study institution that faculty leaders and administrators believed in the theory of shared governance and could adequately define it. However, the reality of shared governance in practice at each institution was somewhat different. Whereas the theory promotes an emphasis on shared power and collective responsibility (Birnbaum, 1988), administrators at both case study institutions leaned toward focusing on the importance, and practice, of administrator and trustee roles having the final decision making authority. Theory promotes community interaction and devalues status. Power is equally shared by faculty and administrators. And, at collegial model institutions, like Green Acres College and Rapid River College, theory would support that hierarchy is often so obsolete that trustees and administrators are not solely responsible for making decisions (Birnbaum, 1988; Bush, 2003). Collegial institutions are in most cases both egalitarian and democratic. Members of the administration and faculty view each other as equals (Birnbaum, 1988; Edelstein, 1997). This was not the case at Green Acres College nor Rapid River College.

Faculty leaders at both case study institutions believed they had adequate control over the academic direction of their colleges, but did feel their roles lacked the broad
based collaboration supported by theory. Faculty members believed their role needed strengthening. A lack of collegiality was expressed by various members of faculty leaders at both case study institutions. However, administrators believed the faculty roles were adequately strong and did not warrant improvement. Administration believed that faculty often over-obsess about governance. In fact, some administrators believed that faculty leaders would not be happy with any form of shared governance, but rather only when faculty governance was embraced.

**Transparency, trust, and engagement imperative to shared governance success.** Many institutions of higher education champion hierarchy and administrative procedures; however these are far less prevalent in collegial institutions (Birnbaum, 1988). This is theoretically true also for Green Acres College and Rapid River College. However, hierarchy and procedures do not challenge the case study institutions. Rather, it is a lack of communication and transparency. Members of the faculty at Green Acres College and Rapid River College were concerned about trust, transparency, and engagement. As stated earlier, faculty members believed their role was adequately engaged in the academic affairs of the colleges, but they wanted to be involved beyond influencing the curriculum. There was a belief that the administrators were not being fully transparent with various aspects of the institution. In some cases, there was a reference to information only being shared at the discretion of what was deemed necessary by the administrators. As such, faculty members were concerned that a lack of all of the facts would continually hinder their ability to participate in making decisions. Faculty leaders at both Green Acres College and Rapid River College cited their concerns
regarding a lack of transparency and involvement in budgeting and financial decisions at their respective institutions.

Birnbaum’s collegial model would support the need for greater trust, transparency, and engagement. This is important to achieving consensus, which is central to the model. Open discussion is important before a decision is made, and as such, this was believed to be true at both case study institutions as it related only to issues of academic affairs. Consensus is often achieved, but it is not necessary within the model. Collegial institutions can find unanimity without consensus being achieved, and this is often true at Green Acres College and Rapid River College (Birnbaum, 1988; Bush, 2003). For example, a college president can easily put forward a proposal for discussion where a decision has already been made, and it can reach unanimity when consensus was not even taken into consideration (Birnbaum, 1988). This was the case for faculty members at Rapid River College who were involved in the planning grant for the gift of venture philanthropy. Recognizing that consensus is an important aspect of governance, lack of collegiality in governance can, and will often, result in high conflict and high stress, which has been noted from faculty at both Green Acres College and Rapid River College. However it was much more prevalent at Green Acres College (Hatfield, 2006). Faculty at Green Acres College often cited stress and a historical lack of transparency, trust, and engagement from the administrators. Cohesiveness is important to the model and this is typically achieved through interactions among the faculty members and administrators. These interactions can be both extensive and informal; however at Green Acres College and Rapid River College, decisions are often reached by consensus (Edelstein, 1997). Unfortunately, these types of conversations
rarely happened outside of issues related to academic affairs. While this has improved at both case study institutions with the appointments of new presidents, who are both sensitive to the challenging governance issues of the past several years, there is still sensitivity among the faculty members to historical practices and as such, trust is not easily achieved.

**Lack of faculty involvement in philanthropy causes stress.** A lack of collegiality in philanthropy was highlighted at both Green Acres College and Rapid River College. Faculty leaders expressed a myriad of feelings about their role in fund development. Faculty members felt confusion, ambivalence, placated, and in most cases, completely left out of the process of setting philanthropic priorities and the fundraising process. Faculty need to feel heard, understood, and have their viewpoints validated, even if there is disagreement. A lack of engagement creates withdrawal of critical support for the mission and vision of the college (Birnbaum, 1988). This holds true for both Green Acres College and Rapid River College. There was some ambivalence that was evident. Furthermore, a lack of involvement can lead to disruptive behavior from the faculty. This held true at Green Acres College and it has taken years to alleviate such frustrations.

Many of the faculty leaders interviewed could not answer questions about the fundraising or the gifts of venture philanthropy. With regards to the fundraising process, many faculty felt the manner in which it happened at their respective colleges was secretive and done behind closed doors. There was a belief that the process was discussed exclusively among the administrative leaders and trustees. This practice does not work within the collegial model. The practices at both institutions were described as
being very “top-down.” Faculty members at both case study institutions want to be engaged in collegial conversation and transparency (Birnbaum, 1988). Faculty acknowledged that it is not prudent always to have a discussion with the entire faculty about gifts that will be received, but that it should allow for a conversation with the faculty governance leadership group. One faculty member said, “…you might ask the governance committee their thoughts about it, not that you ask their permission.” At Green Acres College this did not happen, whereas at Rapid River College it did happen in a controlled manner.

However, administrative leaders saw this differently. Administrators frequently justified faculty participation in the fundraising process by noting their inclusion on strategic planning. Faculty members acknowledged strategic planning, but also noted that the strategic planning process does not necessarily translate into setting fundraising priorities for the institution. Collegial institutions are defined as colleges that value consensus, shared governance and decision making, common goals, and shared vision (Birnbaum, 1988; Bush, 2003). This is true as it has related to strategic planning at both case study institutions. However, faculty members know that the board of trustees is very engaged in setting the philanthropic agenda for their colleges, but also emphasized that conversation did not translate down to their level. Shared governance is absent when setting philanthropic priorities. Administrators did acknowledge that conversations about fundraising did sometimes happen in “isolated pockets” and that the overall conversation about philanthropic priorities could be stronger. As a result, many faculty leaders feel stressed about the lack of involvement in philanthropy. As one faculty member noted, “There is no shared governance on philanthropy, there just isn’t.”
Theory does grant administrators the responsibility to represent the colleges’ values and views to varying constituencies (Birnbaum, 1988; Bush, 2003). However, according to the model, administrators are to carry out the shared interest of the collegium. While faculty and administrative leaders do recognize the collaborative nature of strategic planning, this process has only partially influenced the fundraising process. Gifts of venture philanthropy, however, do not apply to this situation. As in both case studies, the shared interests of the collegium were represented by a sole administrative leader in negotiations with a donor who typified a venture philanthropist. Furthermore, the eventual gifts were at the direction and urging of the venture philanthropist and not part of the strategic plan.

Both at Green Acres College and Rapid River College, there was ambivalence and confusion about philanthropy among faculty leadership. Fundraising was recognized to be an important function of both colleges, but the faculty understanding of how it works and their engagement in the process was lacking.

**Administrative leadership within the collegial model.** Central to the collegial model is presidential leadership. Members of the faculty at the two case study institutions recognized the president as an extension of the faculty (Birnbaum, 1988). Even though the faculty recognizes the president to have the authority to make independent decisions about ongoing problems and issues facing the college, they do see the president as a proxy of the collegium rather than an independent manager in making decisions (Birnbaum, 1988). As such, faculty members would like transparency and discussion to ensue at a stronger level.
At Rapid River College, the president was the sole negotiator of the gift of venture philanthropy. However, presidents within the collegial model need to lead without coercion. Presidents are expected to direct and display control without alienating others. The president at Rapid River College did franchise the collegial model of shared governance by forming a group of faculty and staff to discuss how the gift of venture philanthropy might be implemented. The president enrolled a committee of faculty and staff members to create broader support for the project (Buchholz & Roth, 1987). The committee did have some autonomy which is essential to the model (Birnbaum, 1988; Bolman & Deal, 2003; Bush, 2003). But the committee was also populated with national consultants selected by the president and donor to advise the internal planning committee.

Even though the idea for the gift germinated from the venture philanthropist, and national consultants influenced the dialogue, the committee was able to provide the president with a framework in which to present a final gift proposal to the donor and his foundation. There was some speculation amongst the campus community that this planning process was nothing more than a public relations effort to create internal support for the gift.

Presidential leadership was absent all together at Green Acres College. When the gift of venture philanthropy was negotiated, the discussion materialized exclusively between the vice president of advancement and the donor. Applying the theory to the vice president of advancement at Green Acres College would certainly expose a lack of appreciation for the collegial model. The faculty had no knowledge of the gift, nor the gift’s pre-negotiated, short term and long term benchmarks. One faculty member from Green Acres College noted that conversations that take place in the president’s office are not public knowledge and are not shared with the governance structure of the college.
The model does note that members of the faculty do understand that the president has powers that are not availed to the members of the collegium. Faculty members recognize the importance of this difference. However, it is very important to recognize that presidents are not seen as bosses at colleges that model the collegial institution. Presidents are rather seen as “primus inter pares, or first among equals” (Birnbaum, 1988). Members of the collegium are very willing to give up some autonomy to the president in exchange for increased prestige and resources (Birnbaum, 1988). In the end, being successful is the ultimate goal. Success breeds success and the strongest colleges promote that (Bok, 2003). The president needs to work with the faculty to make decisions and recognize the balance between their own leadership and the collegium. This characteristic of the model was ideally achieved at Rapid River College, but its recognition did not fully temper speculation amongst the faculty. For Green Acres College, this was completely absent. Again, this is where trust and transparency are imperative to achieving success.

Birnbaum (1988) defines seven key guidelines for leadership effectiveness within the collegial model. Those guidelines are: (1) exemplifying the values of the group, (2) conforming to group expectations of being aggressive and decisive within the norms and traditions, (3) consistently engaging in both formal and informal communication, (4) giving directives that are both fair and appropriate, (5) listening and acknowledging values and norms, (6) reducing status differences as they arise, and (7) creating a climate of self-control where the collegium will correct itself. Successful presidents recognize the importance of these rules and consistently champion them.
However, at both Green Acres College and Rapid River College, the gifts of venture philanthropy did not fully allow leadership to align with these theoretical principles. For example, the donor values were placed over the values of the strategic plan; norms and traditions were not considered; communication was controlled, at times inconsistent and often nonexistent; and status differences were clearly defined. There were some areas that were embraced, at least by Rapid River College. Engagement and communication was open with the committee and directives were fair and appropriate.

Donors at both case study institutions had a strong connection with specific administrative leadership. At Green Acres College it was the vice president of advancement and at Rapid River College it was the president. At both institutions, the venture philanthropy donor had a strong affinity with the leaders and believed in their ability to carry out their wishes.

Presidents are at a crossroads. It was clear that administrators and faculty members expected them to be leaders, entrepreneurs, and visionaries. However, faculty at both institutions also expected them to preserve the foundation of the academy (Kramer, 1980). So it is easy to understand why they are at a crossroads. Presidential leadership within the collegial model must be responsive to the academic community (Birnbaum, 1988; Eckel, 2005). Faculty at Green Acres College and Rapid River College expect the president to represent their priorities and values. When that representation comes into question, faculty members were freely open with their frustration and stress. Collegiality is paramount (Birnbaum, 1988). But understanding the scarcity of resources, there is an expectation that successful leaders are supposed to raise significant resources. And with the emergence of donors who are venture philanthropists, gifts such as those at
Green Acres College and Rapid River College will emerge. Administrators no longer look at donors as loyal alumni who give out of love for their institution. Administrators are more willing to have dialogue with donors about their intentions and interests (Elliott, 2006). This is exactly what happened at both case study institutions and this is exactly what is concerning for many within the academy.

**Dualism of control exists with gifts of venture philanthropy.** The relationship between the faculty, administrators, and trustees is very important within the collegial model. “Dualism of control” is the existence of two distinct structures in colleges. The first structure is the conventional administrative hierarchy. The second structure is the where faculty members make decisions for the institution over which have authority (Birnbaum, 1988). Dualism of control is often nonexistent within the collegial model, and likewise, differences in values between the faculty, administrators, and trustees are relatively absent. However, dualism of control was evident at both case study institutions with relation to the gifts of venture philanthropy. Specific aspects of the case studies aligned with the model framework. Such as, board members tended to be alumni and for the most part, administrators often have been faculty. The venture philanthropy gift at Green Acres College was explicitly negotiated among the administrators and donors. And while the venture philanthropy gift at Rapid River College included a planning committee, it was clearly operating at the direction of the donor and president.

**External influence and the collegial model institution.** As colleges like Green Acres College and Rapid River College seek to increase fundraising activity, the missions of the institutions become less and less clear according to the collegial model (Birnbaum 1988). This is true for both Green Acres College and Rapid River College. Faculty
members are actively engaged in supporting the missions of their institutions by participating in strategic planning, but when gifts of venture philanthropy surface, the strategic plans become obsolete. At both Green Acres College and Rapid River College, the gifts of venture philanthropy, which represented millions of dollars of revenue for each institution, came from ideas that germinated by the donor and were heavily influenced in negotiations by the donors’ passions, interests, and personal philanthropic goals.

Birnbaum notes that external relationships can create large amounts of stress and conflict. This is true for both gifts of venture philanthropy at the case study institutions. These challenges are not responded to easily and are often laden with unrest within the academy. Faculty members at both case study institutions have cited stress and confusion around the gifts. With each venture philanthropy gift, there has been a conflict around alignment with mission, as well as the costs and financing of these programs. With resources for current programs being so limited, many faculty, and even some administrators, questioned the need to create new initiatives that would divert focus from resource strapped programs (Lang, 1999).

Critics of shared governance have noted that current practices hinder decision making related to new opportunities for colleges (Birnbaum, 2003; Bok, 2003). As such, the negotiations were exclusively with an administrator and the donor at both case study institutions. Rapid River College did embrace a planning committee, but Green Acres College excluded the faculty completely in the process, and also intentionally did not announce the gift. Bok (2003) notes that shared governance is an expensive luxury in creating revenue streams. Interestingly, the chosen path of action for Green Acres
College and Rapid River College in accepting the gifts of venture philanthropy are not uncommon in the current environment. It is becoming more and more common for faculty to have no more than a perfunctory role in major decisions within their academies (Kezar, Hartley & Maxey, 2012). However, decisions made with profit generation as the priority have been historically misguided when faculty dialogue has been absent (Birnbaum, 2003; Bok, 2003). These types of decisions can be a threat to core values (Birnbaum, 2003).

As noted by Kezar and Eckel (2004) there has been a significant changing climate in governance within higher education over the past several decades. The need to be more responsive to a diversity of environmental factors, the changing faculty, and the necessity to make decisions more quickly are influencing how shared governance in higher education continues to evolve. This was apparent at both Green Acres College and Rapid River College. Faculty recognized that administrators are making decisions sans dialogue and consensus. And, administrators recognize that transparency and collegiality could be stronger with the faculty. The pressures that the administrators are feeling at both case study institutions are incredibly strong, and at times, the shared governance structure has been cited as being cumbersome and challenging to navigate in a timely manner. Shared governance is becoming less participatory with not only gifts of venture philanthropy, but with philanthropy in general (Kezar & Eckel, 2004; Shinn, 2004). At a time when governance is most needed within the academy, participation in decision making has decreased, causing concern for both the faculty and institutional leadership at both case study colleges (Kezar & Eckel, 2004; Townsley, 2009).
Characterizing the donor. Literature would characterize venture philanthropists as donors who have adapted various principles that successful venture capitalists had employed for years (Letts, Ryan, & Grossman, 1997; Scott, 2002; Wolfe, 2002). There are three principles that describe venture philanthropists. First, venture philanthropists are highly engaged and have long term relationships with their organization (Wolfe, 2002). This is true for both venture philanthropy donors at the case study institutions. The donors at Green Acres College are alumni, have been long term donors, and are members of the board of trustees. The donor at Rapid River College is also an alumnus, a long time donor, a board of trustee member, and he is also a member of the community.

Second, venture philanthropists have a commitment to strengthen the organizational capacity with their expertise to enhance the efficacy of the organization (Wolfe, 2002). This is also true for both donors at the case study institutions. The donors at Green Acres College believed in approaching their gift by using their business savvy and success to push the college to set high benchmarks and create a planned giving program that surpasses peer and aspirant institutions. The donors were very concerned about the future financial viability of the college. The donors had a clear goal to create a program that was grounded in quantitative goals that were familiar to their way of doing business. The donors have celebrated a significant amount of business success and as such, they wanted to lend their expertise to their colleges. Venture philanthropy donors not only have ideas, but also champion their expertise and profit making attitude to maximize results of their gifts. They are focused on using market-based practices, in particular their own successes, to shape their philanthropy (Boverini, 2005; Kumashiro, 2012; Reis & Clohesy, 1999). The donor at Rapid River College also had a significant
amount of social experience in creating his own foundation to address issues that were core to his beliefs and influenced his philanthropy. Venture philanthropy donors tend to judge institutions not by their accomplishments, but by the societal ills they have failed to cure (Marcy, 2001). This is true for Mr. Trustee. The donor germinated the idea at Rapid River College and once it was determined that the gift was going to be accepted, he actively engaged with the president to provide his expertise. His end goal is to make Rapid River College increasingly more distinctive. Mr. Trustee is motivated beyond just the college’s reputation. He is inspired by the quality of the institution and its ability to achieve success (Marcy, 2001; Boverini, 2005). Additionally, beyond his gift of philanthropy, he was actively involved in selecting the architect and design of the building, as architecture is a passion of his.

And third, venture philanthropy donors tend to use performance standards developed by both parties, with future support contingent on the realization of mutually determined goals (Wolfe, 2002). At Green Acres College, the donors demanded accountability and were very active in setting benchmarks that even surpassed the goals set by the college. They pushed Green Acres College. One administrator stated, “Manipulative is a little too strong of a word, but he wanted to be directive in terms of how this gift got implemented…” In fact, the original proposal was returned as the donor did not believe it was ambitious enough. As a result, the donor was heavily involved in crafting the plan and setting goals that would be reported back to the donor. The donor at Rapid River College also believed in using performance standards. He funneled his gift through his foundation which required the college to create monitoring and measurement benchmarks and to report them frequently to the foundation. He had a high interest in
accountability. One faculty member stated, “...he’s not going to throw money at a problem and keep throwing money at it. If he throws money at it, he wants results.” Venture philanthropists believe in influencing how their gifts are managed by the selected organization (Venture Philanthropy, 2003). This is true for both case studies. Opponents to venture philanthropy will argue that the focus on accountability and outcomes is not applicable to non-profit institutions, and liberal arts colleges like Green Acres College and Rapid River College would skeptically agree (Bornstein, 2001; Boverini, 2005; Elliott, 2006; Miller & Bellamy, 2012; Wolfe, 2002). When asked about the monitoring and measurement of the gifts, many faculty and administrators acknowledged that monitoring and measurement existed, but no one could report on the impact of the gifts with any specifics. Even though non-profits need to measure success and monitor outcomes, many faculty leaders will argue that venture philanthropists do not understand what organizations do and how the organizations do it.

Literature would argue that venture philanthropy donors to higher education have a different philosophy than that of traditional donors. Typically venture philanthropists’ practices parallel venture capitalism in its goal of investing to earn more, whereas traditional donors seek to “give back” (Kumashiro, 2012). This is somewhat true for both donors at the case study institutions. The donors at both institutions wanted to leverage their gifts to generate additional resources for the colleges. However, the case study donors tended to be more altruistic than the literature would credit typical venture philanthropy donors. The donors care deeply for their colleges and do want them to succeed. Both venture philanthropy donors let their beliefs drive their philanthropy. Wolfe (2002) would argue that altruism may parallel their investment beliefs. However
altruism would only be a prerequisite, the gift would most certainly be grounded in venture philanthropy practices, as it was at both Green Acres College and Rapid River College. But, make no mistake, both case study venture philanthropy donors are interested in seeing results, and seeing them immediately. Their beliefs drive their philanthropy and the donors bring a level of engagement that is more intense and are highly engaged (Marcy, 2001). Both of these donors expected results in a very short period of time, as well as long term outcomes (Marcy, 2001).

Additional definitions of venture philanthropy address risk-taking, innovation, and entrepreneurship. The case study venture philanthropists typify all three of these characteristics. Their gifts were innovative, distinctive, entrepreneurial, and yes, risky, for the colleges. The major concern from the case study institutions is the long term financial commitments necessary by the colleges that may potentially require additional operating budget to support. While the venture philanthropists at both organizations have close relationships with their colleges, there was not a clear commitment for long term support. The gift at Green Acres College supported operating funds that will eventually run out and this was a concern for both faculty and administrators. The gift at Rapid River College supports an endowment, but that is restricted and the long term implications are unknown as the gift is in its infancy of implementation.

**A new process of gift acceptance.** The process for accepting the gifts was new for each institution. Literature would clarify that venture philanthropy donors have high expectations of performance and results, and as such make contributions with very specific expectations. This is true for both case study institutions. Where traditional donors will support the needs of the colleges, venture philanthropy donors bring their
ideas to the table. As was the case at both Green Acres College and Rapid River College, the donors expected to have an active and meaningful role within the organization. The donors want to be actively engaged and provide oversight of their gift’s uses (Wolfe, 2002). Colleges like Green Acres College and Rapid River College will benefit from this type of philanthropy. By allowing the donors to participate in constructing and executing strategies that will grow the institution, move it forward, and create the largest broad based impact, the larger the gifts that the colleges will receive (Frumkin, 2001).

As the literature would support, the gifts germinated from the donors. The donors pushed the colleges beyond their strategic plan, and during the negotiations, which were closed, the donors pushed the colleges to think bigger, broader, and with larger impact. Negotiations were closed at Green Acres College, and at Rapid River College they were partially closed. Venture philanthropists have been known to make a commitment, give an initial gift, and then not fulfill their commitment until the college has met specified benchmarks (Marcy, 2001). This was the case at Rapid River College. A lead gift was given in order for the donor to see what the college could do with it. The donor was not going to support Rapid River College with gifts having predictable outcomes.

**Venture philanthropy in practice.** Venture philanthropy literature specifically characterizes donor practices, expectations, processes, and motivations. Venture philanthropy has been embraced by colleges and universities over the past decade (Bornstein, 2001; Boverini, 2005; Gose, 2003; Marcy, 2001; Pulley, 2007). Venture philanthropists, such as those in the case studies at Green Acres College and Rapid River College, have evolved out of successful businesses and in securing their own financial future. The case study venture philanthropists have an interest in their philanthropy and
it is practiced by applying the business models and decisions that made them successful (Kumashiro, 2012; Wolfe, 2002; Saltman, 2010). Venture philanthropy does pose a threat to organizational mission, policy, and procedures. This was an identified concern from faculty at both case study colleges. This is threatening to the academy, especially with its valuation placed on the importance of the collegial model that fosters shared thoughts and values of mission and purpose (Birnbaum, 1988). If the venture philanthropy initiatives fail, will the donors share in the responsibility and blame? That is the still an unanswered question (Council on Foundations Board Briefing, 2001).

**Limitations of the study.** One limitation of this study is the limited number of cases analyzed. There was an attempt to identify additional case studies, but it was very difficult as many gifts of venture philanthropy are not publicly known. This is for two reasons. One, donors do not typically identify themselves as venture philanthropists. And two, liberal arts institutions are still navigating how to deal with venture philanthropy, and as such, do not widely publicize the nuances of the gifts that make them uniquely venture philanthropic. Additional case studies could have helped confirm or negate the findings. Also, the two case studies represent a particular type of liberal arts colleges that are geographically Midwestern and not as advanced in their philanthropic works as higher ranked liberal arts institutions of the East. As such, the two case studies may not be entirely representative of all liberal arts colleges with the relationship of venture philanthropy to shared governance. Researching additional liberal arts colleges would have provided an understanding of institutional similarities and differences of the cross-study case analysis.
Another limitation was the availability of certain interviewees and their willingness to participate. For example, the president of Green Acres College, at the time that the gift of venture philanthropy was accepted, was unwilling to participate in the study. This was also true for some faculty leaders. This caused some gaps in comparative interviews between the two cases. While minimal, the availability of such interviewees would have added a richness to the research.

It should also be noted that interviewees were potentially skeptical of the research study. It was observed that administrators were at times “skittish” to provide open answers. This is not surprising as the topic is sensitive as it relates to a subject area that has funded millions of dollars of revenue to each of their campuses. It was occasionally observed and ascertained that administrators provided “politically correct” answers that were neutral of any definitive stance. Equally notable was the nervousness of some faculty leaders. The faculty members were concerned with anonymity and as such, often caveated their answers with “do not repeat this” or “you are not going to say this came from me.” Some faculty leaders also had some difficulty expressing their responses because their opinions were grounded in historical experiences that have jaded their views. Faculty members often focused on faculty salaries or departmental operational support which caused them tension and stress.

Also, the study of how advancement offices handled venture philanthropy could have added some breadth and depth to the study, but it would have potentially broadened the scope of the research beyond the narrow focus. Literature states that development officers and advancement offices are not readily trained and able to handle such gifts. However, there were not many development staff who had a direct experience or
knowledge of the gifts discussed. This was most likely due to the nature of the venture philanthropists negotiating the gifts strictly with an identified campus leader.

The final limitation of this study is the author’s direct experience of being a fundraising professional for nearly 15 years, and being an administrator of a nationally prominent liberal arts college for more than five years. Because my professional career choice significantly influenced my topic interest, it is recognized that I may have retained some beliefs and anticipated findings prior to conducting the research. I have attempted to minimize these opinions in order not to influence the study. Recognizing this as a challenge, I have itemized my beliefs and considered them in my research execution and conclusions.

RECOMMENDATIONS

The case study findings have illustrated several innovative ways to think about shared governance within a context of philanthropy, specifically venture philanthropy. As a result, recommendations for practice are being set forth. The recommendations will help similar type liberal arts colleges enhance their ability to promote a culture of shared governance as gifts of venture philanthropy continue to increase. The findings have been used to shape and guide the recommendations in a fashion that will allow individual institutions to shape the suggestions in a way that works for their specific shared governance structure and culture.

**Recommendations for practice.** Recommendations for practices include promoting a shared vision more widely, increasing transparency and consensus building, improving faculty engagement in philanthropy, building leadership in negotiating gifts of
venture philanthropy, creating strategies for embracing venture philanthropy, and improving the process of venture philanthropy gift acceptance. These concepts can be enacted into a campus shared governance structure by utilizing the existing collegial model of shared governance, as prescribed by Birnbaum (1988), for liberal arts colleges.

**Promoting a shared vision more widely.** One recommendation for practice is for colleges to promote a more centrally focused vision for the academy. Interestingly, administrator and faculty leaders had a clear understanding of institutional mission, but there was a lack of understanding of what the institutional vision is for the college. This can be achieved by openly discussing the institutional strategic plan beyond its written construct. Perhaps if the strategic plan is converted beyond its literal translation, it can be defined in a way that will allow for faculty and administrators to use it merely as a road map to guide the institutional vision with further openness for translation. This would bode well for donors who have venture philanthropist tendencies. It would allow for donor-germinated ideas to more readily fit within the institutions’ visions.

**Increasing transparency and consensus building.** Another recommendation is for liberal arts institutions to focus on a greater level of transparency and consensus building. Transparency is key. What is often lost in collegial shared governance structures is the belief that faculty engagement is only relevent within the confines of academic affairs. This is short-sighted and does not bode well for creating a culture of collegiality where consensus building is valued. Collegial shared governance structures can potentially allow too many procedures, and even hierarchy to impede the collective goal of transparency. This may often happen because of strict practices that have been established by both faculty and administrators that do not allow for an organic openness
and dialogue. As such, when topics arise outside of the traditionally defined area of academic affairs, the process may not embrace a methodology to allow for discussions of philanthropy. As a result, faculty are untrusting of their administrators and this can hinder decision making processes across the shared governance structures.

Consensus building is imperative when it comes to building a strong shared governance working relationship between the faculty members and administrators. Recognizing that consensus is not always necessary within the collegial model, finding unanimity is important to achieving goals. This should be considered when thinking about philanthropy, specifically venture philanthropy. College presidents, provosts, vice presidents of advancement, or any other institutional administrators should put forth potential philanthropic gifts for discussion. Yes, decisions can be already made, but these discussions can allow for unanimity to be reached, even when consensus was not taken into consideration. It is important to discuss how the gifts of venture philanthropy may impact the mission of the institution, but also align with the vision. Cohesiveness is very important to the collegial model and this can be achieved through intentional interactions among the faculty members and administrators. Recognizing these interactions can be both extensive and informal, and it will allow for liberal arts colleges to achieve decisions that are reached by consensus. In their absence, the model will find that achieving transparency and consensus problematic. It can create stress, promote bad behaviors, and threaten the value of a collegial model shared governance system.

It is important to continually infuse transparency and consensus into ongoing shared governance conversations. Understanding both the short term and long term impacts of gifts of venture philanthropy are essential to good planning. Ongoing
communication will not only alleviate any concerns, but also address the impact of the gifts on the broader institutional goals, in particular the financial goals of the academy, which are very sensitive in the current economic climate. Ongoing collegiality and discussion will also provide a reflective and adaptive context to allow the greater academy to apply what it has learned to future situations of venture philanthropy.

**Improving faculty/administrator engagement in philanthropy.** Faculty members recognize that their roles often are championed when deemed appropriate by the administrators. As such, to mitigate confusion, ambiguity, and ambivalence about philanthropy at liberal arts colleges, it is important to proactively involve faculty in conversations at all stages of philanthropy. This is especially true for gifts of venture philanthropy where the gifts have a higher level of impact on the mission and vision of the institution.

It is recommended that administrative leaders, particularly the president and vice president of advancement, work closer with faculty leadership structures to promote a greater level of engagement in philanthropic decision making. This recommendation is a joint recommendation for both administrators and faculty leaders. Both groups need to take a more proactive role in engaging with the other. The absence of this type of engagement promotes not only confusion from both ends, but also ambivalence in the collective value of a collegial relationship to advance the college forward.

Strong collegial model institutions are inclusive with their process to engage both faculty members and administrators in the strategic planning process. However, this involvement does not always translate into philanthropic planning. This is especially true when working with venture philanthropists where ideas often germinate from the donor
and do not align with the strategic plan. It is recommended that administrators and faculty leadership work closer to translate the strategic plan into setting philanthropic priorities. And when this translation evolves from donor driven philanthropy, such as venture philanthropy, it is important to triangulate the potential gift with the strategic plan, institutional mission, and vision to collectively determine if the acceptance of the gift warrants both short term and long term viability for the institution.

**Leadership in negotiating gifts of venture philanthropy.** Another recommendation is to encourage the president to utilize his leadership role to be more inclusive of others, especially when dealing with venture philanthropists. Venture philanthropists have a tendency to want to negotiate with a sole representative from the college. This is often times the president or another identified senior administrative leader. It is recommended that the president include others in the process of negotiating gifts of venture philanthropy. There should be a collective interaction between the president and faculty, and in optimal situations, also include the donor. While this can take place by creating planning committees to help with the craftsmanship of the gift, it would be optimally implemented when there is an open dialogue with the president and faculty to discuss the gift negotiations, donor expectations, and accountability. This type of cross analysis will allow for all interested parties of the collegial model to have a voice in how the gifts will impact the larger organization. This could potentially take place solely within the academy, but it could also take place with the venture philanthropy donor present.

“Dualism of control” is often absent in the collegial model, but where gifts of venture philanthropy are embraced, it tends to become inevitable. Administrative
leaders, trustees, and faculty leaders need to realize that this is a potential problem. As such, awareness is imperative. As mentioned earlier, leadership from both the faculty members and administrators needs to continue to communicate regularly about issues outside of the academic realm. Consensus can help mitigate the challenges of “dualism of control” and can help promote a healthy shared value system.

**Strategies for embracing venture philanthropy.** Another recommendation for faculty and administrative leaders is to create strategies for how the academy might embrace gifts of venture philanthropy. Recognizing that each liberal arts institution is different, the findings can still be applicable to help create a foundation for collegial models of shared governance to develop strategies embracing characteristics of venture philanthropy.

Venture philanthropy is a practice that is evolving fast. While the basic components of venture philanthropy have remained consistent, donors are franchising those characteristics to fit their own styles of philanthropy. Venture philanthropy practices are not just for the shrewd businesspeople. The practices are being employed by deeply altruistic major donors and even beginning to surface in donors to the colleges’ annual funds. It is recommended that institutions think about how they may proactively create strategies to not only include venture philanthropists into the culture when gifts of this type surface, but also how to promote inviting venture philanthropists into the culture by branding the college as one that is welcoming to external partnerships.

Venture philanthropists are motivated by their passions, interests, and personal philanthropic goals, but they are also altruistic. Collegial model institutions need to develop methodologies to channel venture philanthropists’ passions, interests, and goals.
This can be achieved by embracing a donor-centered fundraising strategy. Donor–
centrism is another way of saying “building trust.” When dealing with venture
philanthropists, championing donor-centric strategies will help build trust in the
organizations’ missions and visions for the donor, but will also help the institutional
leadership navigate the donor’s passions, interests, and personal philanthropic goals.
Donor-centered approaches promote trust that a venture philanthropy donor will play an
essential role in the college’s mission and vision; they promote to the venture
philanthropy donor that the college goals are worthwhile and should drive their
philanthropy; and, promote that the organization conducts its business efficiently and
effectively. This is not easily achieved in a shared governance structure, as it takes a
commitment on behalf of administrators and faculty members to make it work.

**Improving the gift acceptance process.** The final recommendation is that
collegial institutions improve their gift acceptance processes by being reflective on past
practices and creating guidelines for future gifts. Campus leaders should be prepared to
be inclusive in negotiating gifts of venture philanthropy. Inclusiveness should translate
internally and externally to optimally take advantage of high impact gifts. Liberal arts
colleges will benefit from venture philanthropy, but need to proactively allow donors to
participate in constructing and executing strategies that will grow the institution, move it
forward, and create the largest broad based impact.

Venture philanthropists have distinct expectations of performance and results. As
a result, venture philanthropists mandate benchmarks to demonstrate a return-on-
investment. This can be challenging within the collegial model, but can be achieved by
creating a collective responsibility of monitoring, measurement, and reporting. Venture
philanthropy accountability should not hinder the shared governance model, but work to parallel the value for quantitatively and qualitatively measuring results. Often times, venture philanthropists have been known to make a commitment, give an initial gift, and then not fulfill their commitment until the college has met specified benchmarks. College leaders may want to consider this strategy as an intermediary way to engage with venture philanthropy donors before the institutions fully embrace its practices.

RECOMMENDATIONS FOR FURTHER RESEARCH

Recommendations for further research also emerged from this study. Recommendations include focusing on the short term and long term impacts of venture philanthropy gifts to the academy, the impact of venture philanthropy on academic freedom and academic autonomy, and training advancement staff to adapt their fundraising strategies to meet the needs of a transforming donor population that is embracing the characteristics of venture philanthropy.
SUMMARY

The goal of the study is to examine the context of venture philanthropy within a model of shared governance at liberal arts colleges and determine whether the traditional collegial model of shared governance can accommodate, or be altered to accommodate, the emergence of venture philanthropy in a way that enhances and advances the mission, vision, and values of liberal arts institutions. Several research questions were asked to provide meaning to venture philanthropy within the context of collegial models of shared governance at liberal arts institutions. They are:

(1) In what ways has venture philanthropy impacted shared governance of private liberal arts colleges where charitable gifts, that typify the characteristics of venture philanthropy, have been accepted?

(1a) Who were the decision makers involved in the cultivation, solicitation, acceptance, and implementation of the gift?

(1b) What, if any, benchmarks, goals, or results were agreed to before the gift was received?

(1c) What was the process of accepting the gift?

(1d) What was the motivation to accept the gift?

(1e) What lessons were learned that might guide future gifts of this type differently?

This two-case study was conducted at two liberal arts colleges in the Midwest that have worked with donors of venture philanthropy. Interviews focused on administrative and faculty leaders at each institution. The findings demonstrate that venture
philanthropy can work within liberal arts institutions, but the collegial model of shared governance must adapt to meet the changing needs of donors and satisfy the requirements of the academy. Faculty leaders and administrative leaders need to work collaboratively beyond the silo of academic decision making structures. Transparency needs to be appreciated and as such, embraced in a consistent manner that minimizes confusion, ambiguity, and ambivalence. The findings also show that there is a great appreciation for the transformative nature of fundraising. However, this can only be optimally achieved when there is a collective approach that cycles through the process and continually informs all parties of the shared governance structure.

Venture philanthropy, by definition, may not necessarily be recognized by administrators and faculty leadership, but the practice is clearly evident within the academy. As donors are championing venture philanthropy characteristics more and more, institutions will begin to see the impact of venture philanthropy beyond seven- and eight-figure gifts. They will begin to see its practice saturate even into annual giving programs. As such, focusing on strategies to appease venture philanthropy donors will be necessary to continue to build donor trust and engagement. The study shows us that even long standing practices, such as donor-centered fundraising, can mitigate some challenges that may come with venture philanthropy gifts. Furthermore, the study will impact the field of philanthropy in higher education by challenging long standing practices of cultivation, solicitation, and stewardship to go beyond just the involvement of the advancement office. The inclusion of faculty members into the fundraising process as a part of the shared governance structure is highly encouraged as colleges and universities work to embrace shared governance practices and advance their institutions.
REFERENCES


Wolfe, M. (September 2002). *New money, new demands, the impact of the venture philanthropist*. Montreal, Canada: McGill University.


APPENDIX A

Participant Recruitment Email

Dear (NAME),

Hello. My name is Joshua Merchant and I am a doctoral student at Western Michigan University. I am writing a dissertation on venture philanthropy and shared governance at liberal arts colleges. I’m contacting you because I have had communication with an institutional contact at (Institution Name) who has identified you as someone who has been involved in fundraising or serve in a faculty leadership position. As part of my study, I hope to interview you on your campus for no more than one hour. I would be willing to buy you a cup of coffee from your campus coffee shop as you meet with me, and am willing to interview you in any location on campus where you feel most comfortable, including your office. With your permission, I will be taping the conversation with a digital voice recorder, so it would be best if the location is not too noisy.

I would appreciate hearing your experience and perspective on shared governance and philanthropy at your college, in particular venture philanthropy. The information I receive will be used as part of my data for a doctoral dissertation I am writing. The interview and data be completely confidential, and I will conceal your identity in the study and will not using your real name or even institution name, in the report. Just so you know I will be providing you the transcript of your interview to help me identify if I accurately represented you in the interview.
If you are willing to meet with me for a 90 minute interview, would you please respond to this email (jdmerchant@albion.edu) or call my cell phone (517) 936-4171 to indicate what time would be best for you, and where you would prefer to meet. I am fairly familiar with your campus, so there would be no need to provide directions.

Thank you. I hope to hear from you soon.

Sincerely,

Joshua D. Merchant
Doctoral Candidate
Department of Educational Leadership, Research, & Technology
College of Education
Western Michigan University
Case Studies of Venture Philanthropy at Liberal Arts Colleges

Time of interview:
Date:
Place:
Interviewee:

Interview Questions

Shared Governance

1. How do you define shared governance?

2. What leadership role do you hold within the governance structure of the college?
   a. How do you impact decision making?
   b. What would make your role stronger?

3. How would you define shared governance at your college?
   a. Do you think shared governance is effective?
   b. How is shared governance demonstrated? Examples?

4. How have discussions about philanthropy happened within the college?
   a. Describe the decision making process at your college about fundraising priorities?
   b. What decision makers are involved?
   c. What are the roles and expectations of the decision makers?
5. What is the mission and goals at your college?
   a. Do you think all constituents at the college think they are the same? Why?
6. What is the vision at your college?
   a. Is the vision shared amongst the decision makers?
7. What else should I know about the shared governance at your college?
8. Who else should I talk to about shared governance at your college?

Venture Philanthropy
1. Tell me about ___ gift?
   a. How would you characterize the donor?
   b. How do you see the gift “playing” into the ecosystem of the college?
   c. Specifically, how do you see the gift “playing” into the mission of the college?
   d. Specifically, how do you see the gift “playing” into the vision of the college?
2. Whose idea was this gift?
3. What was the process from the original conversation to the announcement of the gift?
   a. How long did it take?
   b. Is this the process for handling all gifts at your college?
4. Who were the participants in closing the gift?
5. Who were the participants in implementing the gift?
6. What negotiations ensued and what was agreed upon?
   a. How are you measuring the success of the gift?
   b. What was the process of accepting the gift?
   c. Is this standard protocol for how gifts are handled at your college?

7. When was the gift announced?
   a. What was the internal community’s response?
   b. What was the external community’s response?

8. What are the short and long term impacts to your college?

9. What was the motivation behind the gift?
   a. How does the gift align with your mission?
   b. How does this align with your vision?

10. Would you do anything differently?

11. How does the campus community think about philanthropy after this gift?

12. What else should I know about this gift at your college?

13. Who else should I talk to about this gift?

Final Questions

1. Have you heard of “venture philanthropy”?
   a. How would you define “venture philanthropy”?

2. How do you see the relation between venture philanthropy and shared governance?

3. Have you ever thought about a linkage between philanthropy and shared governance?
4. Do you believe faculty have input on philanthropic priorities at your college?

5. Do you believe faculty goals are taken into consideration when fundraising for your college?
APPENDIX C

Participant Consent Process

The following outline gives the description of the steps I will take in the consent process:

1. Introduction of myself and study topic

2. Presentation of consent form explaining:
   a. Purpose of study
   b. Format of interview
   c. Explanation of voluntary nature of participation, including the opportunity to stop at any time
   d. Explanation of how the participation is confidential, and the steps I will take to ensure that confidentiality

3. Having the participant read, ask questions, and sign the consent form

4. Introduction of the interview protocol
APPENDIX D

HSIRB Notification

Date: May 29, 2013

To: Andrea Beach, Principal Investigator
    Joshua Merchant, Student Investigator for dissertation

From: Amy Naugle, Ph.D., Chair

Re: Approval not needed for HSIRB Project Number 13-05-39

This letter will serve as confirmation that your project “Venture Philanthropy and Shared Governance at Liberal Arts Colleges” has been reviewed by the Human Subjects Institutional Review Board (HSIRB). Based on that review, the HSIRB has determined that approval is not required for you to conduct this project because you are analyzing the impact of fundraising and not collecting personal identifiable (private) information about individuals.

Thank you for your concerns about protecting the rights and welfare of human subjects.

A copy of your protocol and a copy of this letter will be maintained in the HSIRB files.
APPENDIX E

Informed Consent Form

Western Michigan University
Department of Educational Leadership, Research, & Technology, College of Education

Principal Investigator: Dr. Andrea Beach
Student Investigator: Joshua D. Merchant
Title of Study: Venture Philanthropy and Shared Governance at Liberal Arts Colleges

You have been invited to participate in a research project titled Venture Philanthropy and Shared Governance at Liberal Arts Colleges.” This project will serve as Joshua D. Merchant’s dissertation for the requirements of the Ph.D in the Educational Leadership Program. This consent document will explain the purpose of this research project and will go over all of the time commitments, the procedures used in the study, and the risks and benefits of participating in this research project. Please read this consent form carefully and completely and please ask any questions if you need more clarification.

What are we trying to find out in this study?
The significance of the study is to examine the context of venture philanthropy within a model of shared governance at liberal arts colleges and determine whether the traditional collegial model of shared governance can accommodate, or be altered to accommodate, the emergence of venture philanthropy in a way that enhances and advances the mission, vision, and values of liberal arts institutions.

Who can participate in this study?
Participants for this study are individuals who could have been involved in the decision making process for accepting a recent gift of venture philanthropy. Potential identified participants for one-on-one interviews are the college president, provost, chief financial officer, vice president of advancement/development, elected faculty leadership, and other identified individuals who were involved with or have key perspectives on shared governance structures and philanthropic gift being discussed at the selected case-study institutions.

Where will this study take place?
The settings will vary, as each interviewee will be interviewed in their own respective offices or location of their choice. Interviews will take place at a predetermined time that was agreed upon by both parties.
What is the time commitment for participating in this study?
This study will require the participant to take part in a 90 minute interview, which includes the overall time of completion from the obtaining of informed consent to the subjects completion of the study.

What will you be asked to do if you choose to participate in this study?
Participants will be asked to share their experiences and perspectives on shared governance and philanthropy at your college, in particular venture philanthropy at their respective colleges.

What information is being measured during the study?
This study will investigate how venture philanthropy fits specifically within the unique collegial model of shared governance at liberal arts colleges.

What are the risks of participating in this study and how will these risks be minimized?
To the investigator’s knowledge there are no potential risks to the subjects. Subjects will be forfeiting 90 minutes of time for the study. The subjects’ names will not be used in the dissemination so there is little chance for disclosure of sensitive or confidential information.

What are the benefits of participating in this study?
The results from the study will provide liberal arts college administrators with a deeper understanding of how venture philanthropy fits specifically within the unique collegial model of shared governance at their institutions. As such, administrators and faculty should be able to create policies, procedures, and practices.

Are there any costs associated with participating in this study?
There are no costs involved for participating subjects.

Is there any compensation for participating in this study?
There is no compensation for taking part in this study.

Who will have access to the information collected during this study?
The principal investigator: Dr. Andrea Beach
Associate Professor, Higher Education Leadership
Department of Educational Leadership, Research, and Technology
and Director of Faculty Development
Western Michigan University

The student investigator: Joshua D. Merchant
Doctoral Candidate
Department of Educational Leadership, Research, & Technology
Western Michigan University
What if you want to stop participating in this study?
You can choose to stop participating in the study at anytime for any reason. You will not suffer any prejudice or penalty by your decision to stop your participation. You will experience NO consequences either academically or personally if you choose to withdraw from this study. The investigator can also decide to stop your participation in the study without your consent.

Should you have any questions prior to or during the study, you can contact the primary investigator, Dr. Andrea Beach at (616) 402-9111 or andrea.beach@wmich.edu.

I have read this informed consent document. The risks and benefits have been explained to me. I agree to take part in this study.

___________________________________
Please Print Your Name

___________________________________  ____________________
Participant’s signature            Date