

A RESEARCH REPORT

Internationalism & Advancement

Marts
& Lundy

TABS

Introduction

Given the changing boarding school population, TABS and Marts & Lundy agreed to partner in an in-depth study of internationalism and advancement. The objective of the study was to answer two questions:

- How does an increasingly international constituency affect boarding school fundraising?
- What are the practices and resources that lead to effective fundraising with international constituents?

Our hypothesis is that some of the characteristics of giving from abroad are different from those of domestic philanthropy, yet philanthropy's underlying essentials of being engaged, valued and part of the boarding school community are the same.

The International Market

Parents from all over the world send their children to boarding schools in the United States and Canada. More than 98% of schools that are The Association of Boarding Schools (TABS) members have international students, accounting for 31% of boarding enrollment.¹ In the United States, international students account for approximately 22,000 boarding and homestay students in independent schools, up from 15,000 in 2003.²

Among the top 20 student-exporting nations to the United States are U.S. neighbors, Mexico and Canada, and nations in Asia, Europe, the Middle East and the Caribbean.

- | | |
|--------------|------------------|
| 1. China | 11. Spain |
| 2. Korea | 12. Bermuda |
| 3. Mexico | 13. U.K. |
| 4. Taiwan | 14. Saudi Arabia |
| 5. Canada | 15. Brazil |
| 6. Japan | 16. Russia |
| 7. Germany | 17. Nigeria |
| 8. Hong Kong | 18. Jamaica |
| 9. Viet Nam | 19. Bahamas |
| 10. Thailand | 20. France |

¹ TABS Report #1, International Student Diversity at TABS Member Schools (2011).

² TABS Report #3, Structural Elements of the International Boarding School Marketplace (2012).

The United States and Canada have competitive advantages relative to education in other parts of the world.

- U.S. and Canadian education have high quality reputations
- Education is in English, an important international language
- For exporting nations in the Western hemisphere, there is a “proximity advantage”, and no “proximity disadvantage” with Northeast Asian countries
- U.S. and Canadian schools have good safety records

However, there are competitive weaknesses, which encourage families to send their children to schools in Europe, Australia, or New Zealand instead.

- The elementary-secondary and postsecondary education systems in the U.S. are not integrated
- For many exporting nations, particularly those in Southeast Asia and Africa, there is a proximity disadvantage
- Costs are high, and for many nations, the exchange rate with the U.S. is not advantageous
- Due to an almost total lack of government involvement, U.S. schools are short on “systemic customer care”
- There is a growing pool of competitors throughout the globe, embracing more nations and including for-profit institutions
- Many U.S. and Canadian schools have quotas, caps or thresholds on the number of students they admit from any one source country.

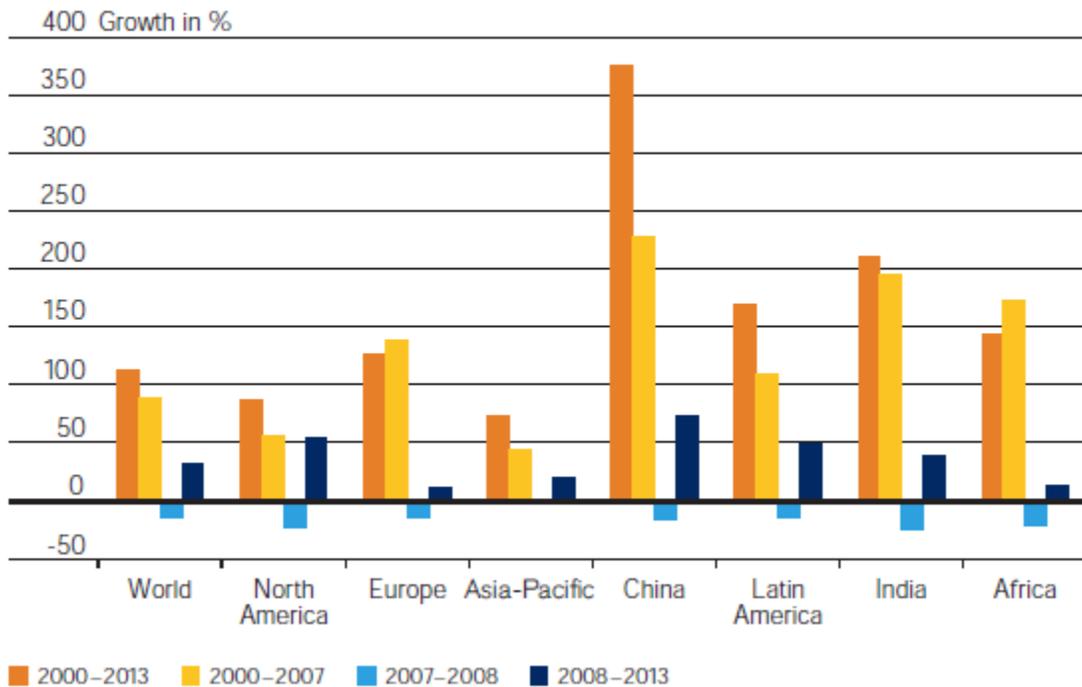
When we turn our attention away from enrollment to fundraising, there are additional market challenges. For example, economic and political shifts impede fundraising. Some exporting nations (such as Korea) have restrictions limiting international philanthropy, and others (such as Korea and the U.K.) require home-based foundations that can limit the utilization of funds by the recipients.

The tuition and travel costs of sending a child abroad for boarding school are significant. Such an investment is particularly notable for families enrolling their children in middle schools; they are de facto assuming three or four more years of investment (in addition to the investment in high school) in travel and tuition. And while some international students receive financial aid from their schools, it is our sense that most are “full pay.” Education in the U.S. is an expensive proposition for international families.

Even with these expenses, international constituents can dramatically expand the philanthropic potential of schools. The 2013 Credit Suisse Global Wealth Report indicates that despite the setback in 2008, household wealth has trended strongly upward since 2000. Wealth has more than doubled in each region except for North America and Asia-Pacific, and personal wealth in India rose by 211 percent and in China by 376 percent.³

Wealth growth rates since 2000, by region

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2013



Additionally, there are roots of “caring communities” in all major religions, and different cultures have a range of ways to provide for societal needs through private and public resources. In summary, market information suggests that nations with growing wealth and emerging philanthropy are an important segment in boarding school fundraising.

Boarding School Characteristics

Information was gathered for this study through an online survey designed in partnership with TABS and deployed by Marts & Lundy. Using the TABS membership database, we identified an

³ The full report can be downloaded from www.credit-suisse.com. Follow the links to Research Institute.

initial survey invitation list comprising staff in development or international education. Additional names were gleaned from Marts & Lundy’s database of boarding school clients.

The survey was four pages long with nine questions comparing international and domestic fundraising results. Of the 204 institutions that were invited to participate, 28 responded, resulting in a 14% response rate. The survey responses were merged with additional information from StatsOnline (National Association of Independent Schools (NAIS) member database), the Center for Advancement of Education’s Voluntary Support of Education database (CAE VSE), each school’s website data, and responses from five institutions that participated in a preliminary Marts & Lundy study in 2011.

Survey respondents and the five institutions in the preliminary study included:

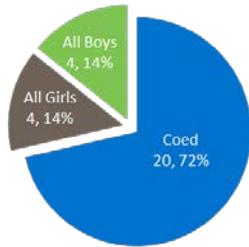
Annie Wright Schools (OR)	Kimball Union (NH)	Stoneleigh-Burnham (MA)
Asheville (NC)	Madeira (VA)	Tabor (MA)
The Bolles School (FL)	Missouri Military (MO)	Thacher (CA)
Brentwood College (Canada)	Northfield Mount Hermon (MA)	Thomas Jefferson (MO)
Cardigan Mountain (NH)	Oregon Episcopal (OR)	Walnut Hill (MA)
Deerfield Academy (MA)	Santa Catalina (CA)	Wentworth Military (MO)
Fessenden (MA)	St. Catherine’s (CA)	West Nottingham (MD)
Hotchkiss (CT)	St. Johnsbury Academy (VT)	Western Reserve (OH)
Idylwild Arts (CA)	St. Paul’s School (NH)	The Webb Schools (CA)
Interlochen (MI)	Stevenson (CA)	Choate Rosemary Hall (CT)

Institutional characteristics of the schools that responded to the survey varied. In terms of enrollment, the average was 436, with a high value of 1,670 and a low value of 80. In the survey sample, larger schools (those with enrollments of 500 or more) are over-represented (36%), relative to their representation in TABS entire membership (22%).

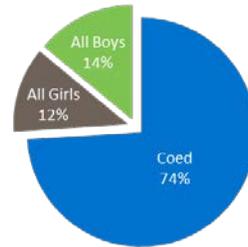


In terms of gender mix, the majority (72%) of respondents are coeducational. The mix in the sample pool is very similar to the mix among TABS members.

Sample Gender Mix

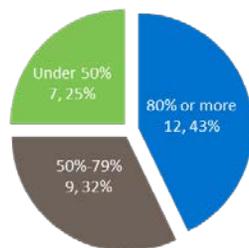


All TABS Gender Mix

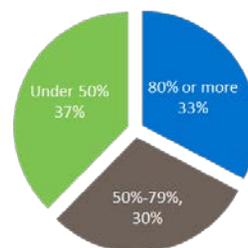


In terms of boarding and day mix, 66% of students among the respondent institutions were boarders, with a high of 100% and a low of 5%. The sample has a larger share of schools with high boarding percentages.

Sample Boarding as % of Enrollment

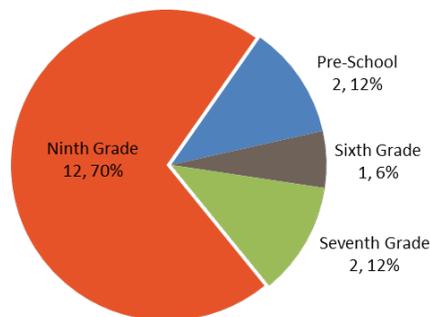


All TABS Boarding as % of Enrollment



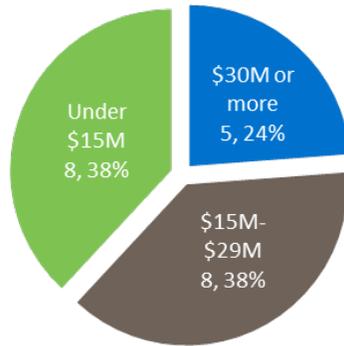
In the sample, the mix of entry grades ranges from pre-school to ninth grade.

Sample Entry Grade Level



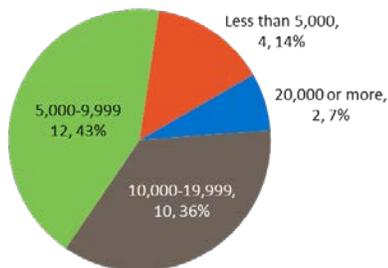
Perhaps most distinctly, there is great variance in operating expenses. Eight (38%) have operating budgets that are less than \$15 million; eight (38%) have operating budgets of \$15 million to \$29 million; five have operating expenses of \$30 million or more.

Operating Expenses

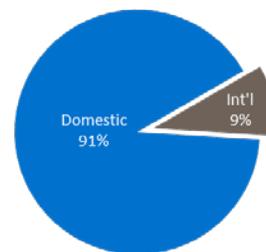


Before we examine fundraising results, it is valuable to understand constituency sizes — specifically, “solicitable” individual constituents. Among the responding institutions, the average solicitable constituency was 9,980, with the largest pool at 28,600 and the smallest at 897. As an average, 9.3% of solicitable constituents are international.⁴ The school with the largest share indicated that 24.3% of its constituents are international; the school with the smallest share indicated that 3% of its solicitable constituents are international.

Solicitable Constituency



Constituent Domestic & Int'l Mix



Among schools in our preliminary study, international gifts accounted for 12% to 19% of their receipts from FY09-FY11, and in our survey sample, international gifts accounted for less than 1% to 14.5% of receipts, averaging 6.3%.

⁴ In most cases includes those who are not U.S. citizens as well as expatriates with non-U.S. primary addresses

International Gifts

In the last section of this report, we noted the range of operating expenses among the institutions, which can be regarded as an overall proxy for institutional resources. Certainly, resources affect fundraising — that is, institutions that do not invest in advancement “leave money on the table.”

In our analysis, we want to understand whether there are baselines or constraints on the schools that ultimately should or should not invest in international fundraising. And so, we have chosen to examine international versus domestic results for three separate segments.

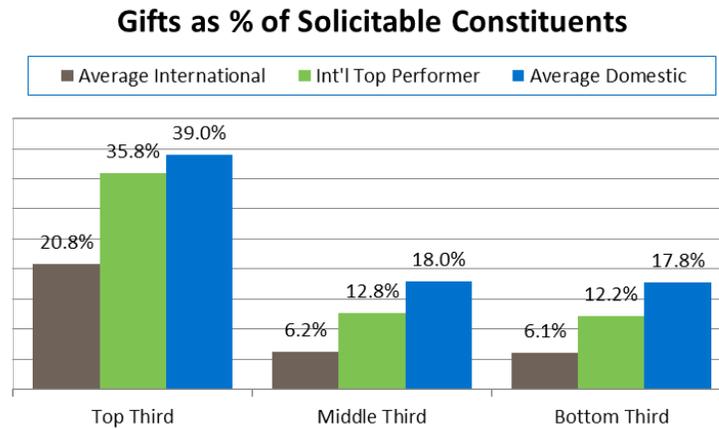
As review, operating expenses range from \$49.1 million down to \$2.4 million, averaging \$21.4 million. When we examine *normalized* operating expenses for these institutions — that is, when we examine operating expenses per student (the amount invested each year for one student’s education) — we find that the average in the top third is \$68,140; the average in the middle third is \$42,833; and the average in the bottom third is \$25,198.

Operating Expenses Per Student

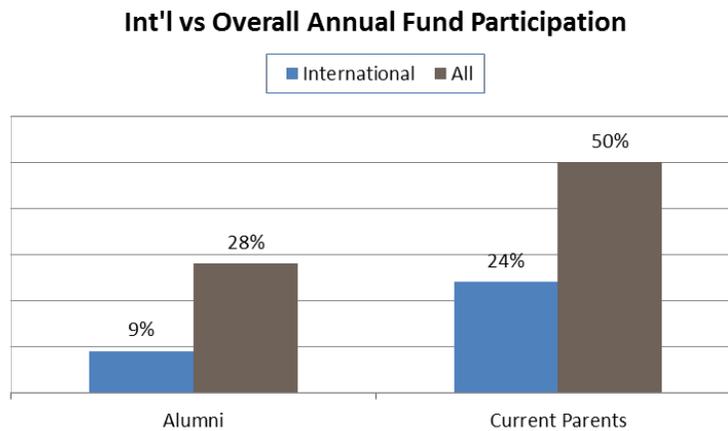
Top Third		Middle Third		Bottom Third	
High	\$82,475	High	\$48,043	High	\$28,919
Average	\$68,140	Average	\$42,833	Average	\$25,198
Low	\$53,028	Low	\$37,678	Low	\$18,474

In the charts that follow, the first brown column indicates the average international figure in the particular thirds segment (Top Third, Middle Third, and Bottom Third), the second green column indicates the highest value school in the thirds segment, and the third blue column indicates the average domestic figure in the thirds segment.

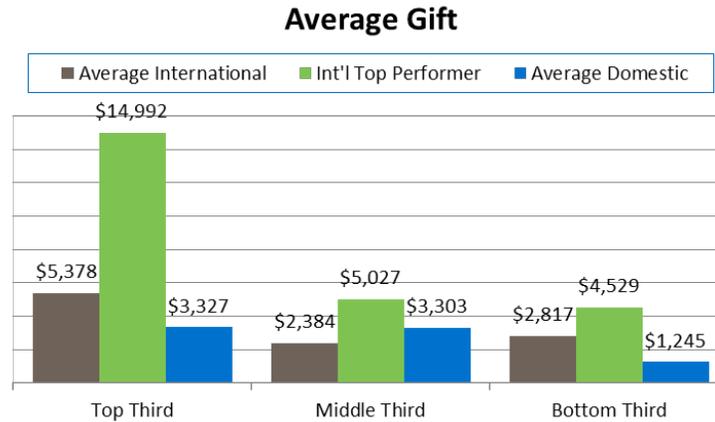
We begin by looking at a measure of overall participation: gift receipts from a constituent segment as a percentage of solicitable constituents in that segment. Among the schools in the Top Third segment, the average international participation was 20.8%; the highest international participation was one school reporting 35.8%; and the average domestic participation was 39%. **Among all of the segments, international donors have lower participation** (the brown columns are shorter than the blue columns).



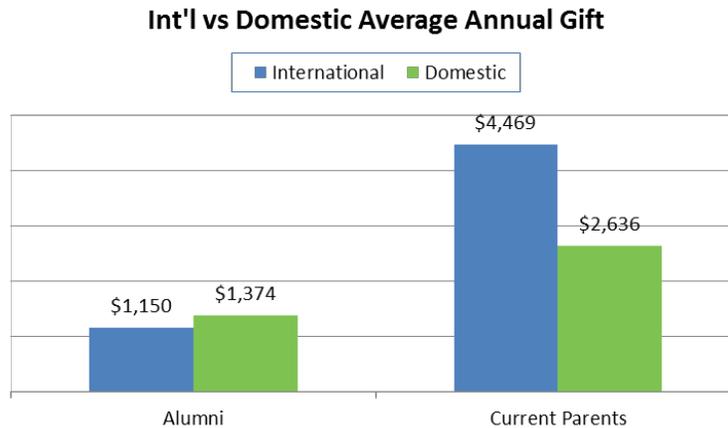
In our preliminary analysis in 2011 — a study that included five institutions — we examined participation *only* in the annual fund. When we segmented by constituent type, we found that international alumni participation in the annual fund was approximately one-third of alumni participation overall (domestic and international), whereas international current parent participation was less than half parent participation overall.



The conclusions are quite different when we review gift sizes. The chart below illustrates average gifts (total gifts from the segment divided by number of donors in that segment). **In the Top Third and the Bottom Third, the average international gift is higher than the average domestic gift.**

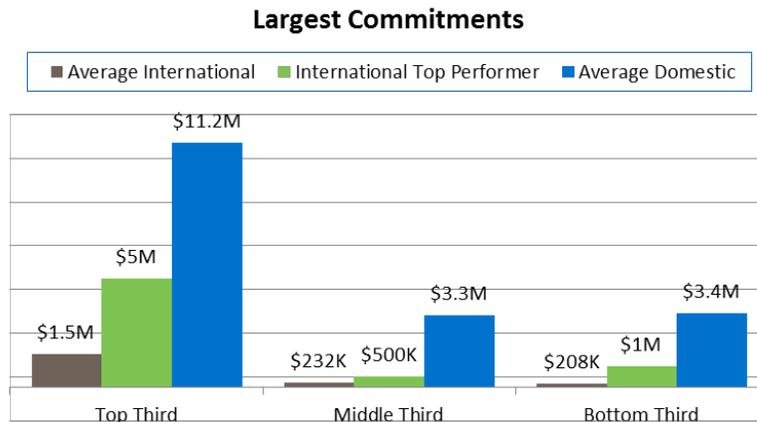


We came to a similar conclusion in our preliminary study in 2011. In this chart, we compare average annual gifts. While international alumni have averages slightly lower than domestic alumni, international parents had average annual gifts 70% larger than domestic parents.⁵



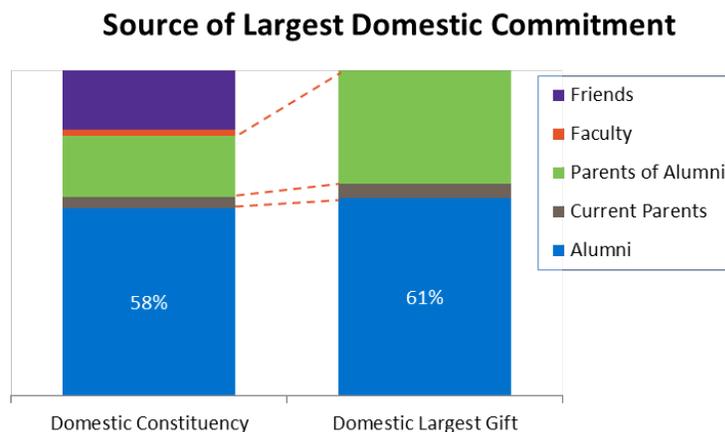
⁵ Financial aid could be a contributing factor. A more robust analysis would compare full-pay domestic with full-pay international parents.

We do not believe that the gift comparisons are affected by large outlier gifts. In the chart below, we examine largest **commitments** (gifts that can be paid out over a number of years, not cash receipts in one year). In each thirds segment, domestic donors take the lead, with average largest commitments at least double the international top performer amounts. The value of each institution’s largest international commitment is typically 11% of its largest domestic commitment.

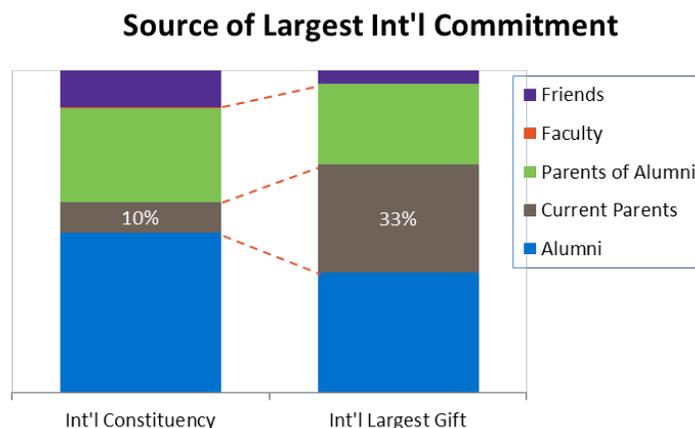


Among the five schools in Marts & Lundy’s preliminary study in 2011, the largest international gifts supported bricks and mortar (three of the five), unrestricted or current purposes (two of the five), financial aid (1), and faculty support (1).

What are the sources of the largest commitments? Among domestic donors—as is illustrated in the two columns in the chart below—**alumni, who account for 58% of the domestic constituency, account for a similar percentage, 61%, of largest gifts.**



The columns are very different with international constituents. Current parents, who account for 10% of the solicitable constituency, generate 33% of the largest gifts. While alumni and parents of alumni remain important donor segments, **historic information indicates that international current parents are significantly more likely to make leadership gifts.**



You will recall that one of our hypotheses is that the characteristics of international philanthropy are different from those of domestic philanthropy. Our simple analysis shows that this is the case. In summary, relative to domestic fundraising and *regardless of the size of the school*:

- **International constituents are less likely to give.** Our measure of participation indicates that international participation is *less than half* the domestic rate.
- **International donors make larger gifts.** International average gifts are *one-third larger* than domestic average gifts.
- **International donors are rarely at the top of a school's gift pyramid.** The value of each institution's largest international commitment is *typically 11%* of its largest domestic commitment.
- **Largest domestic gifts are more likely to come from alumni, while largest international gifts are more likely to come from current parents.**⁶

⁶ No effort was made to compare the age distribution of solicitable international alumni with the age distribution of solicitable domestic alumni. Given the recent growth in international enrollments at boarding school, it may be that differences in participation and gift size between international and domestic alumni are in part explained by differences in the age distribution, which is likely to influence both gift capacity and gift propensity.

Characteristics and Practices of Top Performers in International Fundraising

As a second step in the project, Marts & Lundy conducted interviews with a number of schools that are leaders in their Thirds segment. We also gathered information from Marts & Lundy clients and from schools that attended a preliminary discussion of this analysis at the CASE NAIS conference in January 2014. Our hypothesis was that the underlying essentials of effective international fundraising are the same as the essentials of domestic philanthropy — that generosity is a result of feeling engaged, valued and a part of the boarding school community.

In our interviews, we found that the schools that are most successful in international fundraising are ones that are **mission-driven** and **student centered**, and who

- **plan in an integrated manner**
- **effectively engage international constituents**
- **thoughtfully manage cultural norms**
- **invest for the long term**

Mission-Driven

The schools that are successful in international fundraising have a rationale for international that goes far beyond enrollment and tuition dollars. They acknowledge the importance of a diverse and international student body and clearly articulate their goals for global learning. For example, Stoneleigh-Burnham’s Head of School Sally Mixsell stated, “We are committed to deepening the potential for multicultural understandings made possible by our multinational population,” and the school became an IB World School⁷ in 2010.

Student-Centered

Beyond talking about globalization — beyond emphasizing that one of the school’s selling points is a diverse student body — the most successful schools “walk their talk,” doing what they are able to fully integrate an international student onto their campuses and their families into their communities. They strive for systemic customer care.

⁷ Stoneleigh-Burnham is one of 3,725 schools worldwide working in legal partnership with International Baccalaureate®

Many begin relationships even before the student matriculates. Communications are multi-lingual. For example, Stoneleigh-Burnham translates frequently asked questions into nine different languages.



Some invite international students and their families to come to campus a few days before all others. At Deerfield Academy, international students arrive one and one half days early to recover from the effects of changing time zones and to orient them to both the school and the community surrounding campus.

Once students matriculate, the customer care continues. Cardigan Mountain School has an international director who speaks seven languages, advises 80 or more students, and walks international students through secondary school placement. At Phillips Exeter, the space around the international student coordinator's office has evolved into a lounge where students can gather when they need a bit of alone time or a check in with the counselor. In order to offer the best possible experience for its international students, Stoneleigh-Burnham⁸ provides:

- An International Program Director assisted by the ESL instructor as well as a committee of experienced international students
- An ESL program that serves students whose abilities range from intermediate to advanced
- A special one-day orientation for new international students who arrive a day earlier than other new students, and special orientation meetings are held throughout the first term
- Trips to local areas of interest, dinners at faculty homes and area ethnic restaurants of choice
- College counseling by advisors who are experienced in the college admissions process for international students
- An International Office that provides help in all the above areas as well as transportation, I-20 and visa problems, vacation plans, health and medical questions, counseling, communication with parents and agents/consultants and any other problems that may arise

⁸ Stoneleigh-Burnham website 2014

Schools that are successful in fundraising invest in making the cultures of their international students understood and honored by domestic students. Food is very important. At Deerfield Academy, the flags representing international students hang in the common dining room. Phillips Exeter upgraded the quality of rice and added a noodle bar, popularizing Asian cuisine. At Stoneleigh-Burnham, international students share their cultures with Americans through speakers, both student and adult, who talk about international issues or share knowledge about a culture, International Week (student prepared food, a program of entertainment prepared by international students, an international art exhibit), an international current events board, and other celebrations around special traditions such as Chinese New Year and Cinco de Mayo.

The international strategy is extremely important for the academic and co-curricular health of St. Johnsbury Academy in northern Vermont. An independent school that serves as the high school of choice for 50 rural towns (many of which have declining demographics), the international boarding population brings urbanity and diversity to the community. With its diverse student body, “We do all we can to make every family grateful, whether they are domestic or international. Every child is important,” says Jack Cummings, Associate Headmaster. “We want families to know that we’re taking care of their kids.”

Even more so, the Academy sees it as an institutional responsibility to “normalize” its diversity. One international alumnus recalled, “Coming to America, my biggest fear was fitting in with the crowd.” St. Johnsbury works to integrate its boarding and day populations and undo traditional high school cliques. “We offer far more to our local day students than most high schools,” says Cummings. “It’s seven days a week for boarders *and* day students.”

Integrated and Strategic Planning

From an operational point of view, the schools that are most successful in international fundraising have integrated and strategic planning. Some, such as St. Johnsbury, have organizational structures with Admissions, Development, Alumni Relations, and Communications coordinating through one Associate Headmaster. Others, such as Phillips Exeter, Stoneleigh-Burnham, and Cardigan Mountain School, have international directors or coordinators who can bring all the “players to the table” to discuss relationships with international students and their families. Their student-centrism minimizes silos.

Many schools use consultants as their “on the ground” representative in different parts of the world. Since first contact with a prospective student and family is often with the consultant, it is imperative that the consultant understand a school’s values and its motivations for a global population. According to Aimee Gruber, SSATB’s Senior Director of Outreach & Business Development, “Once consultants are on your team, they will be an important asset... [They] often become extensions of the families they serve and assist families in all matters related to independent schools — including fundraising.”

She continues, “Often, when international families receive an Annual Fund appeal, they are confused and turn to their paid consultant for answers: Is it a bill? Is the school in financial trouble? If I give money, how will it benefit my child?” Ensuring that consultants and agents understand your school’s strategic and fundraising plans will help them educate families. According to Gruber, “I have heard such professionals proudly share that 100% of their clients give to their schools’ annual fund.”

Schools that strive for exceptional international relationships must often alter long-standing policies or be open to flexibility in decision-making. For example, vacation periods may need to be longer, to allow students to travel home for the break, and those unable to travel must be cared for — outside of their student residences — by the school.

Residential life plays an important role, as well. While many international students appear to quickly assimilate, a loss of momentum and homesickness is not uncommon after they return from their first vacation home. At Baylor School in Tennessee, there is a second mini-orientation upon their return — a re-entry program.

To build and strengthen relationships, “authority” must rest with (or be strongly influenced by) those who know the student and the family. For example, even though grades and test scores may put an international student in advanced classes, a dorm parent or the international coordinator may see that a lighter academic load may be better for that particular student, or that an international student may need a trip away from campus to alleviate stress during weekends when leaving campus is not allowed.

Simple yet easily overlooked is the fact that, in a student-centric community, a school representative must know the student before communicating with the parents. For example, in any given conversation, parent questions may go beyond a fundraiser’s day-to-day job description: How is my daughter doing in calculus? Who are my son’s friends? Is my daughter getting enough sleep? At successful institutions, the fundraiser knows.

Engagement and Leadership

The schools that are the most successful in international fundraising have meaningful leadership roles for international parents and alumni. The top schools have *at least* one international individual on the Board of Trustees.

Some schools have established regional leadership councils. For example, St. Paul’s School has an Asia Council with 14 members from Thailand, Manila, mainland China, Hong Kong, Singapore and South Korea. It is charged with facilitating the communication between the School and alumni and parents from that region, building relationships between St. Paul’s and local schools, and helping with admissions and fundraising. The founding co-chairs are both members of the Board of Trustees; one is a current parent and the other an alumnus. The Council meets twice each year,

rotating locations. Lending gravitas, at least one meeting each year includes the Head of School and the President of the Board of Trustees.

Consistently valuable are international constituents —either parents or alumni— who are “on the ground” ambassadors, hosting events in their cities, promoting the school among peer families and serving as annual fund volunteers.

Managing Cultural Norms

Challenges can arise from cultural norms and expectations. For example, some international parents are under the impression that the “right” colleges and universities for their children are the “MITs and Stanfords” — the institutions that are best known internationally. Schools must educate international parents about their approach to college admissions and the entire higher education admissions process in the U.S.

Additionally, some international families expect that if their eldest attends a particular boarding school, all other children in the family will do so, as well. While less competitive schools may be able to accommodate international families, doing so at highly competitive schools may be problematic.

Whether a student is domestic or international, boarding schools can begin to distance students from their home culture’s norms. Students tend to be highly assimilated after two or three years in boarding school, and upon returning home, may challenge some of the traditions and attitudes.

Certainly, cultural norms affect fundraising. While in the first section of this report we noted that every culture provides for societal needs and has its own form of charity, the boarding school needs to ensure that international parents understand the importance of annual gifts.

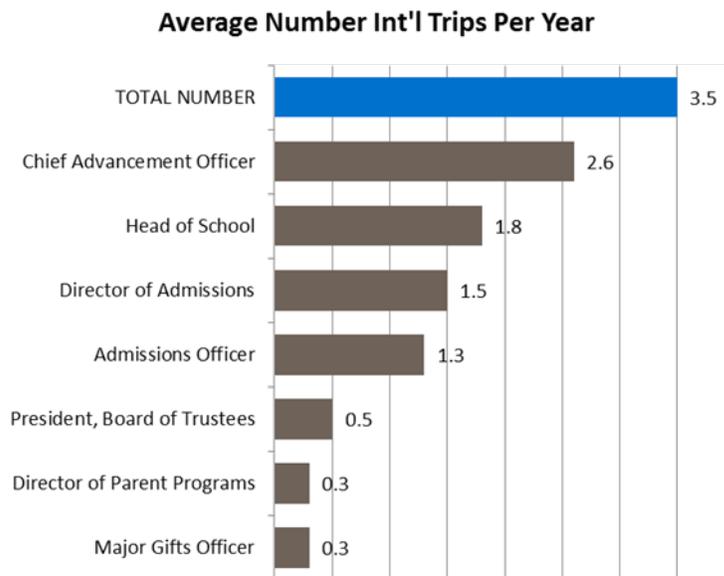
At Cardigan Mountain School, the international coordinator introduces and is transparent about U.S. philanthropy with the students he advises. Each student’s understanding of U.S. philanthropy can in turn affect his parents’ giving. Deerfield Academy explains the gap between tuition and the cost of educating a student to all full-pay families — domestic and international — and as a standard practice solicits full pay international parents for a gift to fill the gap. In Korea, successful institutions learn how to manage “mothers groups” (which are well-meaning volunteer organizations that can potentially put a cap on philanthropy by making a gift as a group) by asking them to host receptions for enrollment rather than focus on annual fund solicitation.

Cultural norms affect stewardship, as well. Many higher level international donors do not want public recognition. Their stewardship may therefore be fulfilled by honoring, instead, an individual who is of great importance to the donor. Other top donors seek stewardship that not only honors them at the school but also in their home communities. So, a donor who may have made a gift to name a campus building may also have a celebratory dinner with family and business associates in the donor’s home city.

Investing for the Long Term

The schools that are most successful in international fundraising invest for the long term. They are persistent, consistent and patient.

The top performers that participated in Marts & Lundy’s preliminary study, on average, had more than three international trips per year, most of which were one week to 10 days, and the top performers in this study traveled internationally at least twice per year. They usually traveled in pairs, often the Chief Development Officer and the Head of School, or the Chief Development Officer and the Director of Admissions.



To build relationships that lead to more significant gifts, consistency is important. While some may think it is important to visit many different locations spread over a number of years (“this year we’ll visit Asia, next year, Latin America”), and that travel abroad is a professional “bonus” that should be shared with many staff members, the successful institutions ensure that there is a predictable pattern with the same campus representatives year after year. This ensures the development of a respected and honored relationship with parents and alumni.

Some schools invite trustees to travel abroad. This may be a useful strategy to build support for the program, but it is unlikely to affect admissions and fundraising. In general, the role of trustee means little to international families. International families are interested in meeting with the person who is most responsible for the welfare of their child — the “principal” or the “head educator.”

Such investments — particularly in the early years — are perceived by some as high risk because returns are not immediate. The schools that are most successful suggest to newcomers that, in order to gain the support of the Board of Trustees and other institutional leadership, they present a five-year plan to increase international philanthropy with goals, costs and anticipated benefits

And though the returns are not immediate, they may nevertheless come sooner and in different ways than planned. For example, at Deerfield Academy a past parent in mainland China makes a six-figure gift each year to cover all travel; he sends his gift directly to a travel agent in Beijing. Cardigan Mountain School budgets for hotel, transportation, and food expenses, but has found that (with the exception of Tokyo) these expenses are covered by parents, who the School in turn honors for their gifts-in-kind.

Conclusion

In closing, the questions that we sought to answer in this study included:

- How does an increasingly international constituency affect boarding school fundraising?
- What are the practices and resources that lead to effective fundraising with international constituents?

Through our preliminary study, our survey and our follow up interviewing, we found that the international market provides great potential for boarding school fundraising. We learned that international donors are less likely to participate but on average give at higher levels. And while institutions must account for varying cultural norms, international donors give for many of the reasons domestic donors give: they appreciate the way that the school takes care of their child, they are respected by the institution, they are engaged, and they have developed personal and trusting relationships.

And so, Marts & Lundy encourages boarding schools that have a commitment to a global institutional strategy to consider as well an investment in international fundraising. International fundraising carries with it risk; its success requires persistence, consistency, patience and a long-term investment. Yet for those who thoughtfully plan and implement, the long-term outcomes are powerful. In the words of St. Johnsbury's Jack Cummings,

“Each time the school has become more inclusive, it’s been followed by a renaissance.”